

KAYSVILLE CITY, UTAH  
23 East Center Street  
Kaysville, Utah 84037

Comprehensive  
Annual Financial Report

Year Ended June 30, 2005

Mayor:	Brian D. Cook
Council Members:	Casey Hill John McCleary Gil Miller Neka Roundy Christopher Snell
City Manager:	John W. Thacker
Prepared by:	Kaysville City Administration Department Dean G. Storey, Finance Director

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**KAYSVILLE CITY CORPORATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2005**

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# INTRODUCTORY SECTION

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# Kaysville City

Kaysville City Corporation  
23 East Center, Kaysville, Utah 84037  
(801) 546-1235 • FAX (801) 544-5646

December 15, 2005

Mayor Brian D. Cook  
Members of the City Council  
and Citizens of Kaysville City:

The Comprehensive Annual Financial Report (CAFR) of Kaysville City for the Fiscal Year 2005 is hereby submitted.

This report consists of management's representations concerning the finances of Kaysville City. Publication of this report provides important financial information. The management of Kaysville City assumes responsibility for the accuracy, completeness and fairness of the presentation.

We believe the information in this CAFR is accurate in all material respects and presents fairly the financial position and the results of the operations of the City in accordance with generally accepted accounting principles (GAAP). We believe that the disclosures necessary have been made to enable the reader to gain a proper understanding of the financial affairs of the City.

This Comprehensive Annual Financial Report is organized into four main sections:

1. The **Introductory Section** contains general information regarding the organization of the City and overall financial profile of the City.
2. The **Financial Section** includes the independent auditor's report, basic financial statements and required supplemental information. Also included are individual fund and account group statements. Management's discussion and analysis (MD&A) in compliance with GASB 34 requirements are included within this section.
3. The **Statistical Section** presents several tables depicting the financial history of the City and demographic and other useful information. This information is presented to assist in obtaining an understanding of the City.
4. The **Single Audit Section** includes the additional financial statements, supplemental schedules, independent auditor's report, and supplemental reports as required by the Single Audit Act of 1984 and by the U.S. Office of Management and Budget Circular A-133.

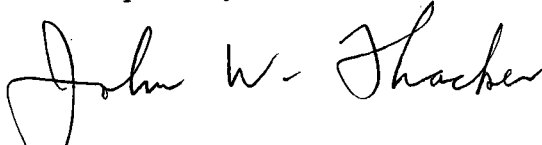


In accordance with State law, the financial statements included herein have been audited by an independent auditor. A firm of certified public accountants, Wood Richards and Associates has completed this year's independent audit. Wood Richards has also provide technical assistance in the preparation of this report. We appreciate the assistance they have provided. The aim of the audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Kaysville City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

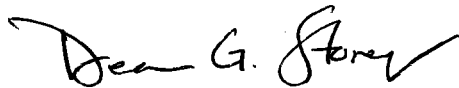
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kaysville City for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This is the eleventh year in a row that Kaysville City has received this award. In order to receive a certificate of achievement, the government must publish an easily readable efficiently organized CAFR. Qualifying reports must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the requirements. We are submitting this report to GFOA to determine its eligibility for another certificate.

We respectfully submit this report.



John W. Thacker  
City Manager



Dean G. Storey  
Finance Director

## **KAYSVILLE CITY FINANCIAL PROFILE**

### **General Information**

Kaysville City was settled in 1850 and on March 15, 1868 it was incorporated, becoming the first city to be incorporated in Davis County.

Kaysville is located along the Wasatch Front directly between Ogden City to the north and Salt Lake City to the south. Kaysville is considered primarily a bedroom community with current population estimated at approximately 23,193 residents. Kaysville experiences an average growth rate of 2.5% - 3%, primarily residential, due to the proximity of larger economic centers and the desire of the citizens for the City to remain a rural residential community. The build-out population is estimated at approximately forty-two thousand within the next twenty to twenty five years.

The City covers an area of approximately ten square miles, bordered by the Wasatch Mountains on the east and the Great Salt Lake on the west.

### **Organization and Services**

Kaysville City operates under a council-manager form of government. The Mayor and five City Council members are elected at large with staggered terms. The City provides a full range of municipal services including, general administration, public safety, public works and utilities, parks and recreation, community development and library. An organization chart is found at the end of this section.

### **Economic Factors**

The local economy is stable. The majority of the workforce commutes to larger economic centers. The unemployment rate is well below the national unemployment rate and below the State unemployment rate of 5.2%. Income levels are above the State average. The area continues to have a good labor and business climate whereas the workforce is young and well educated. The economy of Kaysville is primarily based on service industries to accommodate the residential population including grocery stores, small retail shops, gas stations, etc.

### **Transportation and Accessibility**

Major interstates and highways provide easy access to Kaysville City. Interstate I-15 runs north and south through the City and there is easy access to Interstate 80 and Interstate 84 and many other major roads and highways. Many major western cities are only a day away by commercial carrier. The Salt Lake International Airport is readily accessible within twenty five minutes. The airport is anchored by Delta Airlines and Southwest Airlines, with several air and cargo express carriers.

## **Major Initiatives**

City leaders continue to strive to provide city services in an efficient and effective manner. The on-going plan includes improving facilities and improving the economic base while controlling growth and containing future costs to the City. The demands of keeping up with the residential growth is the primary challenge for City leaders. This includes providing adequate infrastructure to support the growth. Over the past several years, the City has focused on building and maintaining the infrastructure. City resources have been spent on street improvements, utility extensions, electrical substations and park development. Additional resources will be spent in these areas in future years. A major capital project to be completed in the next couple of years is the 200 North overpass, crossing the railroad and providing better and safer access to the area of Kaysville west of I-15.

## **Financial Reporting and Accounting Standards**

Kaysville City conforms to generally accepted accounting principles established by the Government Accounting Standards Board. The accounts of the City are organized based on fund, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. Resources are allocated to and accounted for based on the purpose of each fund. Further discussion of accounting and budgeting matters may be found in the Financial Section of this report in "Notes to Basic Financial Statements". The following fund types are included in this report.

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It also includes the financial activities related to Class "C" funds which funds are restricted as to use.

Special Revenue Fund - The special revenue fund is used to account for revenue collected and designated and restricted for a specific purpose.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by a proprietary fund, special assessment fund or trust fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources to be used for principal and interest payments of long term debts.

Enterprise Funds - The enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is to provide services on a continuing basis to be recovered primarily through user charges.

Permanent Funds - Permanent funds are used to account for and report resources that are legally restricted to the extent that only the earnings and not the principal may be used.

A description of each fund and fund type included in this report are as follows:

<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Library Special Revenue Fund	Special Revenue
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Power Fund	Enterprise Fund
Sanitation Fund	Enterprise Fund
Ambulance Fund	Enterprise Fund
Cemetery Perpetual Care Fund	Permanent Fund
Library Endowment Fund	Permanent Fund

The City operates an integrated budgetary and accounting system which incorporates the adoption of a formal budget for each department. The budget is adopted in June of each year for the ensuing year beginning July 1. State statutes define the legal level of budgetary control at the department level. Monthly financial statements are distributed to each department with the charge that obligations are closely monitored. The budget is reopened as required (usually not more than once annually) to consider necessary adjustments.

Safeguarding assets and providing reasonable assurance that financial transactions are properly recorded requires implementation of internal controls. The City's internal controls are presently accomplishing the objective in all material respects. Further discussion of accounting matters may be found in the "Notes to Basic Financial Statements".

### **Cash Management**

All cash balances maintained by the various funds are held in full compliance of the *Utah State Money Management Act*. The *Act* requires the depositing of public funds in a "qualified depository" which meets the requirements of the *Act*. Operating cash is held at Barnes Bank, a local financial institution and City investments are currently held at the

Utah State Treasurer's Investment Pool. The average interest rate of pooled money for fiscal year 2005 was 2.85%. The corpus of the Library Endowment fund is also held at Barnes Bank in laddered certificates of deposit.

### **Debt Management**

Kaysville City has always maintained a conservative policy in regards to debt. The City has no general obligation debt and minor debts in other debt instruments. In 1999, the City established a municipal building authority for the purpose of constructing and leasing a new fire station. The building authority issued revenue bonds and the City is paying the debt service through annual lease payments. The City has purchased park property on contract with a revolving sale of a portion of the property to a private party guaranteeing annual payments to meet the terms of the contract. The City has also entered into capital leases for the purchase of a street sweeper and ambulances. Specific details and debt service schedules may be found in the "Notes to Basic Financial Statements".

### **Risk Management**

The City maintains complete insurance coverage including worker's compensation general liability, property damage, public official's errors and omissions, automobile liability, and law enforcement liability. Insurance coverages are placed with commercial carriers rated as excellent or superior by recognized rating agencies. Liability is carried at two million dollars with an eight million dollar excess.

### **Pension and Other Post Employment Benefits**

The City participates in the Utah State Retirement Systems for all eligible employees. The City also provides deferred compensation plans under IRS code sections 401(k). These plans are administered by outside managers and administrators on behalf of the City and its employees. These assets are not assets of the City and are held outside of the City's financial statements.

### **Requests for Information**

This comprehensive annual financial report is designed to provide a general overview of the financial affairs and condition of Kaysville City. Additional information or questions concerning any information provided in this report may be addressed to: Kaysville City Finance, Kaysville City Corporation, 23 East Center Street, Kaysville, Utah 84037 or by electronic mail [dstorey@kaysvillecity.com](mailto:dstorey@kaysvillecity.com) or by phone (801) 546-1235.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kaysville City Corporation,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director

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## FINANCIAL SECTION

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## **INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
Kaysville City, UT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kaysville City, Utah, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kaysville City, Utah's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kaysville City, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standard*, we have also issued our report dated November 22, 2005, on our consideration of Kaysville City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kaysville City, Utah basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wood Richards & Associates

Ogden, Utah  
November 22, 2005

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**

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The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2005. We believe that this narrative when read in conjunction with the letter of transmittal, financial profile, the financial statements and the notes to the financial statements should assist the reader in understanding the finances of Kaysville City.

**Financial Highlights**

Government Wide

- The City's total net assets increased by \$3,677,845 or 6.35% over the prior year. Net assets of governmental activities decreased by \$3,602,836 or 12.68%. Net assets of business-type activities increased by \$7,280,681 or 24.73%. During the fiscal year, a separate enterprise fund was created to account for storm water activities. Storm water infrastructure valued at \$4,189,921 was transferred from the general fund to a new storm water fund.
- The City's total net assets are made up of primarily capital assets. Generally capital assets are made up of infrastructure and are not available to meet on-going obligations. Of the total net assets of \$61,518,675, \$46,353,072 (75%) includes investments in capital assets; 4,500,087 (8%) in restricted uses and \$10,665,516 (17%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$4,500,087 is a slight increase over the prior year. During the fiscal year, the City collected \$545,549 in a newly implemented transportation impact fee and \$30,586 in a new public safety impact fee. Construction of a new water storage tank accounted for the use of \$873,823 in use of restricted assets.
- The City's unrestricted assets of \$10,665,516 includes \$3,059,042 available for governmental activities and \$7,606,474 available for business-type activities. Overall this is a slight decrease of 5.6% over the prior year.

Fund Level

- The fund balances in governmental funds increased in the amount of \$1,056,488 (excess of revenues and other financing sources over expenditures). This is \$569,002 over the prior year increase in fund balance.
- The proprietary funds had an overall net income before transfers and contributions of \$1,203,697.

Long Term Debt

- Overall the City's long term liabilities had a reduction in the amount of \$493,522 over the prior year. As of June 30, 2005, the liabilities balance for governmental activities is \$2,682,251 and \$203,438 for business-type activities.

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

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**Overview of the Financial Statements**

This report includes the City's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains the required supplementary information, and fund data including combining statements for non-major funds and a statistical section.

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting similar to private sector companies.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial condition is getting better or worse.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving the rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements**

The fund financial statements provide detailed information about individual funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. In this report all of the funds can be divided into two classes: governmental funds and proprietary funds.

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources. The city maintains a general fund, a special revenue fund, a capital projects funds and a debt service fund as governmental funds. In addition the City also maintains two permanent funds for cemetery perpetual care and a library endowment. These two funds restrict the use of the principal and allow the interest earnings to be spent subject to certain restrictions.

Proprietary Funds are used to account for similar functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its utility operations and for ambulance service. These activities are similar to that of a private business enterprise.

Notes to Financial Statements

The notes provide additional schedules, detail and information that is essential to a complete understanding of the financial information provided in the government-wide statements and the fund financial statements. The notes apply to both statement types.

Net Assets

Kaysville City's Net Assets are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
<b>Assets</b>						
Current and Other Assets	\$6,533,039	\$6,367,500	\$10,305,561	\$10,186,456	\$16,838,600	\$16,553,956
Capital Assets	<u>\$24,707,053</u>	<u>\$21,564,080</u>	<u>\$20,289,161</u>	<u>\$27,442,472</u>	<u>\$44,996,214</u>	<u>\$49,006,552</u>
<b>Total Assets</b>	<b>\$31,240,092</b>	<b>\$27,931,580</b>	<b>\$30,594,722</b>	<b>\$37,628,928</b>	<b>\$61,834,814</b>	<b>\$65,560,508</b>
<b>Liabilities</b>						
Current Liabilities	\$359,053	\$1,015,551	\$905,243	\$827,605	\$1,264,296	\$1,843,156
Non-Current Liabilities	<u>\$3,121,130</u>	<u>\$2,109,433</u>	<u>\$258,081</u>	<u>\$89,244</u>	<u>\$3,379,211</u>	<u>\$2,198,677</u>
<b>Total Liabilities</b>	<b>\$3,480,183</b>	<b>\$3,124,984</b>	<b>\$1,163,324</b>	<b>\$916,849</b>	<b>\$4,643,507</b>	<b>\$4,041,833</b>
<b>Net Assets</b>						
Investments in Capital (net)	\$21,746,583	\$19,063,908	\$19,666,590	\$27,289,164	\$41,413,173	\$46,353,072
Restricted	\$2,004,450	\$2,683,646	\$2,472,805	\$1,816,441	\$4,477,255	\$4,500,087
Unrestricted	<u>\$4,008,876</u>	<u>\$3,059,042</u>	<u>\$7,292,003</u>	<u>\$7,606,474</u>	<u>\$11,300,879</u>	<u>\$10,665,516</u>
<b>Total Net Assets</b>	<b>\$27,759,909</b>	<b>\$24,806,596</b>	<b>\$29,431,398</b>	<b>\$36,712,079</b>	<b>\$57,191,307</b>	<b>\$61,518,675</b>

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

**Financial Analysis of Government-wide Statements**

**Changes in Net Assets:**

The City's combined net assets increased over the prior year by \$3,677,845 (6.36%). Generally an increase or decrease in net assets offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has improved over the prior year. Although slightly down from the prior year, \$10,665,516 (17%) of net assets remains unrestricted and available for ongoing obligations.

Current assets decreased slightly, whereas capital assets increased by \$3,360,815. This increase is attributable to an increase of capital and infrastructure improvements. These improvements are a result of City projects and developer contributions.

Overall liabilities decreased as long term liabilities were reduced. Current liabilities increased reflecting the amounts payable within one year.

**Governmental and Business-Type Activities**

The tables below illustrate the sources of revenues and the expenses for governmental activities and business-type activities. It shows to what extent the City's governmental activities relied on taxes and other general revenues to cover all their costs and to what extent the service charges of the business-type funds adequately cover their costs. Obviously, the business of government is primarily funded by taxes and other general revenues.

**Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
<b>Revenues</b>						
General Revenues						
Property Tax	\$1,389,145	\$1,403,854	\$0	\$0	\$1,389,145	\$1,403,854
Sales Tax	\$2,210,436	\$2,373,991	\$0	\$0	\$2,210,436	\$2,373,991
Other Taxes	\$501,593	\$735,578	\$0	\$0	\$501,593	\$735,578
Interest and Investment	\$133,957	\$434,427	\$73,909	\$58,065	\$207,866	\$492,492
Grants and Contributions	\$906,267	\$749,252	\$427,139	\$115,000	\$1,333,406	\$864,252
Charges for Services	\$2,607,029	\$2,960,681	\$14,291,300	\$14,678,688	\$16,898,329	\$17,639,369
Miscellaneous	\$52,260	\$334,177	\$100,482	\$1,797,063	\$152,742	\$2,131,240
<b>Total Revenues</b>	<b>\$7,800,687</b>	<b>\$8,991,960</b>	<b>\$14,892,830</b>	<b>\$16,648,816</b>	<b>\$22,693,517</b>	<b>\$25,640,776</b>
<b>Expenses</b>						
Governmental:						
General Government	\$1,299,235	\$1,149,813	\$0	\$0	\$1,299,235	\$1,149,813
Police	\$1,597,383	\$1,683,710	\$0	\$0	\$1,597,383	\$1,683,710
Fire	\$320,968	\$348,039	\$0	\$0	\$320,968	\$348,039
Community Development	\$386,599	\$418,435	\$0	\$0	\$386,599	\$418,435



Public Works	\$2,029,024	\$2,245,723	\$0	\$0	\$2,029,024	\$2,245,723
Parks, Recreation and Public Properties	\$865,384	\$1,341,495	\$0	\$0	\$865,384	\$1,341,495
Library - Special Revenue	\$296,905	\$290,769	\$0	\$0	\$296,905	\$290,769
Library Endowment	\$17,982	\$57,909	\$0	\$0	\$17,982	\$57,909
Interest on Long Term Debt	\$149,014	\$129,459	\$0	\$0	\$149,014	\$129,459
Business-Type:						\$0
Water	\$0	\$0	\$1,186,908	\$1,398,496	\$1,186,908	\$1,398,496
Sewer	\$0	\$0	\$1,222,847	\$1,274,505	\$1,222,847	\$1,274,505
Electric	\$0	\$0	\$8,374,719	\$8,992,356	\$8,374,719	\$8,992,356
Pressure Irrigation	\$0	\$0	\$562,112	\$594,054	\$562,112	\$594,054
Sanitation	\$0	\$0	\$1,116,790	\$1,154,365	\$1,116,790	\$1,154,365
Storm Water	\$0	\$0	\$0	\$254,468	\$0	\$254,468
Ambulance	\$0	\$0	\$402,705	\$381,463	\$402,705	\$381,463
					\$0	\$0
<b>Total Expenses</b>	<b>\$6,962,494</b>	<b>\$7,665,352</b>	<b>\$12,866,081</b>	<b>\$14,049,707</b>	<b>\$19,828,575</b>	<b>\$21,715,059</b>
Increase in net assets before transfers	\$838,193	\$1,326,608	\$2,026,749	\$2,599,109	\$2,864,942	\$3,925,717
Transfers and special items	\$928,148	(\$4,279,921)	(\$164,310)	\$4,681,572	\$763,838	\$401,651
Increase (decrease) in net assets	\$1,766,341	(\$2,953,313)	\$1,862,439	\$7,280,681	\$3,628,780	\$4,327,368
Net Assets - July 1, 2004	\$25,993,568	\$27,759,909	\$27,568,959	\$29,431,398	\$53,562,527	\$57,191,307
Net Assets - June 30, 2005	\$27,759,909	\$24,806,596	\$29,431,398	\$36,712,079	\$57,191,307	\$61,518,675

#### Activities - Fiscal Year 2005

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense)
<b>Governmental Activities</b>					
General Government	\$1,149,813	\$510,135	\$8,275	\$56,377	(\$575,026)
Public Safety					
Police	\$1,683,710	\$177,492	\$71,003	\$0	(\$1,435,215)
Fire	\$348,039	\$110,664	\$5,680	\$0	(\$231,695)
Community Development	\$418,435	\$151,202	\$0	\$0	
Public Works	\$2,245,723	\$1,130,913	\$601,260	\$0	(\$513,550)
Parks, Recreation and Public Properties	\$1,341,495	\$826,766	\$0	\$0	(\$514,729)
Library - Special Revenue	\$290,769	\$36,670	\$6,657	\$0	(\$247,442)
Library Endowment	\$57,909	\$0	\$0	\$0	(\$57,909)
Interest on Long Term Debt	\$129,459	\$16,839	\$0	\$0	(\$112,620)
Total	\$7,665,352	\$2,960,681	\$692,875	\$56,377	(\$3,688,186)
<b>Business-type Activities</b>					
Water	\$1,398,496	\$1,382,070	\$0	\$0	(\$16,426)
Sewer	\$1,274,505	\$1,331,382	\$0	\$0	\$56,877
Electric	\$8,992,356	\$9,809,300	\$0	\$0	\$816,944
Pressure Irrigation	\$594,054	\$585,736	\$0	\$0	(\$8,318)
Sanitation	\$1,154,365	\$1,252,689	\$0	\$0	\$98,324
Storm Water	\$254,468	\$57,788	\$115,000	\$0	(\$81,680)
Ambulance	\$381,463	\$259,723	\$0	\$0	(\$121,740)
Total	\$14,049,707	\$14,678,688	\$115,000	\$0	\$743,981
<b>Total</b>	<b>\$21,715,059</b>	<b>\$17,639,369</b>	<b>\$807,875</b>	<b>\$56,377</b>	<b>(\$2,944,205)</b>

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

**Capital Assets**

Kaysville City had a net increase of \$4,010,338 in capital assets. During the fiscal year storm water infrastructure was transferred from governmental activities to business-type activities since a utility has been created for storm water fees. Most of the increase in assets is derived from additions to infrastructure and improvements. Infrastructure improvements are generally contributions from developers for new subdivisions and/or extension fees paid to the City for electrical system improvements. Water stock contributed by development is also included as a capital asset. During the fiscal year, there was also an increase in improvements in the amount of \$663,415 attributable to the City's development of the Angel Street Park. The tables below and on the following page show the capital asset activity for governmental activities and business-type activities for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,561,325	\$ -	\$ -	\$ 3,561,325
Total capital assets, not being depreciated	3,561,325	-	-	3,561,325
Capital assets, being depreciated				
Infrastructure	29,821,097	1,103,234	(8,422,699)	22,501,632
Buildings and improvements	8,081,376	663,415	-	8,744,791
Vehicles	2,477,151	139,721	(93,139)	2,523,733
Furniture and Equipment	721,432	191,319	-	912,751
Total capital assets, being depreciated	41,101,056	2,097,689	(8,515,838)	34,682,907
Accumulated Depreciation for:				
Infrastructure	(15,850,030)	(543,916)	4,232,778	(12,161,168)
Buildings and improvements	(1,892,571)	(195,460)	-	(2,088,031)
Vehicles	(1,743,012)	(129,056)	-	(1,872,068)
Furniture and Equipment	(469,715)	(89,170)	-	(558,885)
Total accumulated depreciation	(19,955,328)	(957,602)	4,232,778	(16,680,152)
Total capital assets, being depreciated, net	21,145,728	1,140,087	(4,283,060)	18,002,755
Governmental activities capital assets, net	<u>\$24,707,053</u>	<u>\$1,140,087</u>	<u>\$(4,283,060)</u>	<u>\$21,564,080</u>

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 1,859,829	\$ -	\$ (328,017)	\$ 1,531,812
Water Stock	364,490	1,267,500	-	1,631,990
Total capital assets, not being depreciated	2,224,319	1,267,500	(328,017)	3,163,802
Capital assets, being depreciated				
Buildings and improvements	24,599,889	11,331,830	-	35,931,719
Vehicles	997,029	34,213	-	1,031,242
Equipment	864,479	37,000	-	901,479
Total capital assets, being depreciated	26,461,397	11,403,043	-	37,864,440
Accumulated Depreciation for:				
Buildings and improvements	(7,182,977)	-	(5,027,056)	(12,210,033)
Vehicles	(676,113)	-	(89,567)	(765,680)
Furniture and Equipment	(537,465)	-	(72,592)	(610,057)
Total accumulated depreciation	(8,396,555)	-	(5,189,215)	(13,585,770)
Total capital assets, being depreciated, net	18,064,842	11,403,043	(5,189,215)	24,278,670
Business-type activities capital assets, net	<u>\$20,289,161</u>	<u>\$12,670,543</u>	<u>\$(5,517,232)</u>	<u>\$27,442,472</u>

**Long Term Debt / Liabilities**

Overall the City had a net reduction in long term liabilities in the amount of \$493,522. Kaysville City has no general obligation debt. The table below shows the overall debt position of the City for governmental activities and business-type activities.

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Note Payable (Park Land)	\$1,590,392	\$ -	\$ (257,840)	\$1,332,552	\$270,732
Capital Lease (Fire Station)	97,078	-	(37,458)	59,620	40,125
Series 2002 Bonds	1,273,000	-	(165,000)	1,108,000	168,000
Total Debt	2,960,470	-	(460,298)	2,500,172	478,857
Compensated Absences	160,660	104,327	(82,908)	182,079	93,961
Total Governmental Activities	<u>\$3,121,130</u>	<u>\$ 104,327</u>	<u>\$ (543,206)</u>	<u>\$2,682,251</u>	<u>\$572,818</u>

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

Business-type Activities:	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Amounts Due Within One Year
Capital Lease (Sweeper)	\$ 84,112	\$ -	\$ (19,702)	\$ 64,410	\$ 20,561
Capital Lease (Ambulances)	130,588	-	(41,690)	88,898	43,503
Note Payable (Electric Fund)	3,200	-	(3,200)	-	-
Total Debt	217,900	-	(64,592)	153,308	64,064
Compensated Absences	40,181	65,221	(55,272)	50,130	50,130
Total Business-type Activities	<u>\$ 258,081</u>	<u>\$ 65,221</u>	<u>\$ (119,864)</u>	<u>\$ 203,438</u>	<u>\$114,194</u>

**Financial Analysis of Financial Funds**

Governmental Funds

The focus of the City's governmental funds is to account for and provide information on near-term inflows, outflows and spendable resources. The primary governmental fund is the general fund. The City also maintains a capital projects fund, special revenue fund (library) and a debt service fund. The table below and accompanying graphs depict the revenues and expenditures during the fiscal year.

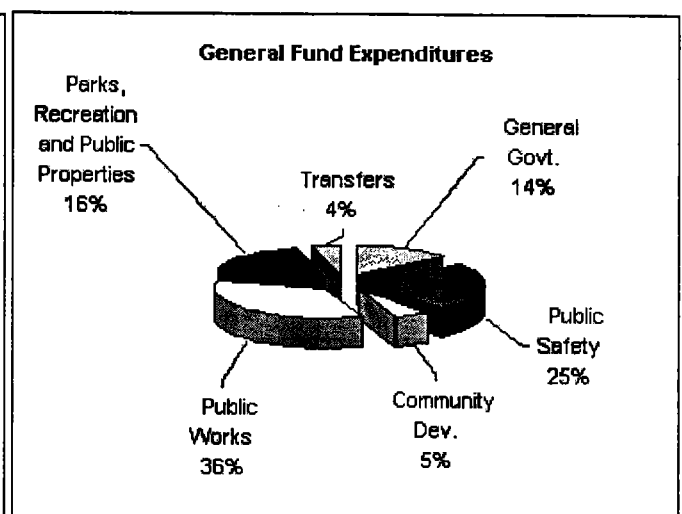
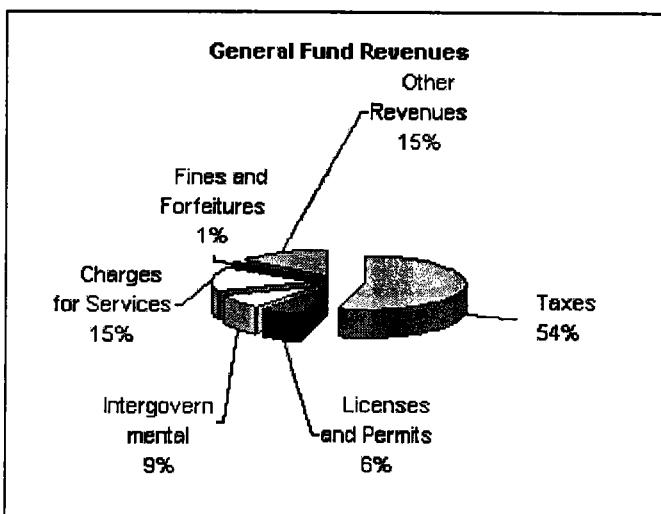
General Fund

Revenues:

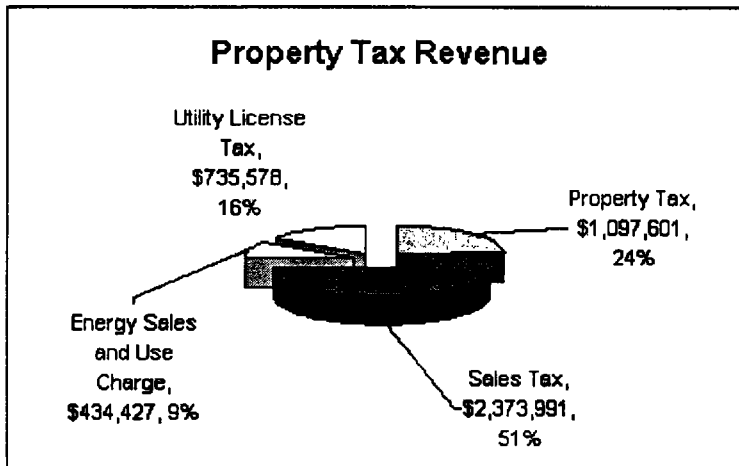
Taxes	\$4,641,597
Licenses and Permits	\$556,267
Intergovernmental	\$742,595
Charges for Services	\$1,295,310
Fines and Forfeitures	\$82,680
Other Revenues	<u>\$1,264,422</u>
	<b>\$8,582,871</b>

Expenditures:

General Govt.	\$1,108,871
Public Safety	\$2,011,931
Community Dev.	\$418,410
Public Works	\$2,762,871
Parks, Recreation and Public Properties	\$1,268,300
Transfers	<u>\$355,000</u>
	<b>\$7,925,483</b>



**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**



The primary source of general fund revenue is taxes. The City collects property tax, sales tax, utility license tax and an energy use tax. The accompanying chart shows the tax collection for the fiscal year.

General fund revenues for fiscal year 2005 totaled \$8,582,871. This represents an increase of approximately 16 % over fiscal year 2004. During the fiscal year, the energy sales and use tax previously accounted for in the intergovernmental category was classified in taxes. A new transportation and public safety impact fee accounted for the increases in other revenues. Sales tax and the utility license tax increased significantly as well as building permit fees. Other revenue sources remained fairly stable.

General Fund Revenues	FY 2004	FY 2005	Increase/ (Decrease)	Percentage Change
Taxes	\$3,797,568	\$4,641,597	\$844,029	22%
Licenses and Permits	\$479,696	\$556,267	\$76,571	16%
Intergovernmental	\$1,343,595	\$742,595	(\$601,000)	-45%
Service Charges	\$1,270,273	\$1,295,310	\$25,037	2%
Fines and Forfeitures	\$67,306	\$82,680	\$15,374	23%
Other Revenues	\$432,279	\$1,264,422	\$832,143	193%
	\$7,390,717	\$8,582,871	\$1,192,154	16%

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

General fund expenditures for fiscal year 2005 total \$7,925,474. This is an increase of 7 % over fiscal year 2004 of \$7,390,717. This is due to the continuation of street improvement projects throughout the City and increases in public safety, parks, recreation and public properties.

<b>General Fund Expenditures</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
General Government	\$1,094,659	\$1,108,863	\$14,204	1.30%
Public Safety	\$1,798,178	\$2,011,936	\$213,758	11.89%
Community Development	\$386,599	\$418,435	\$31,836	8.23%
Public Works	\$2,614,670	\$2,762,873	\$148,203	5.67%
Parks, Recreation and Public Properties	\$1,099,241	\$1,268,367	\$169,126	15.39%
Transfers	\$397,370	\$355,000	(\$42,370)	-10.66%
	<b>\$7,390,717</b>	<b>\$7,925,474</b>	<b>\$534,757</b>	<b>7.24%</b>

**Special Revenue Fund - Library**

A special revenue fund is used to account for the revenues and expenditures of the Kaysville City library. The City designates a fixed portion of the property tax revenue to be used exclusively for the library. The accompanying table shows as a comparison the revenue and expenditures for the Kaysville library for fiscal year 2004 and fiscal year 2005. An agreement with Davis County provides for library operations to be transferred to the Davis County Library System on July 1, 2006

<b>Special Revenue Fund - Library</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
Revenue:				
Taxes	\$303,606	\$306,253	\$2,647	1%
Library Grant	\$6,657	\$6,657	\$0	0%
Library Use Fees	\$16,477	\$12,942	-\$3,535	-21%
Miscellaneous Charges	\$1,293	\$3,897	\$2,604	201%
Donations / Contributions	\$11,462	\$0	-\$11,462	-100%
	<b>\$339,495</b>	<b>\$329,749</b>	<b>-\$9,746</b>	<b>-3%</b>
Expenditures:				
Operations	\$296,905	\$289,325	-\$18,604	-3%

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

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**Capital Projects Fund**

The capital projects fund was used to account for three capital projects during the fiscal year 2005. The total expenditures for the Angel Street Park include not only the improvements, but the 2005 land payment as well. This is part of a long-term obligation. The revenues and expenditures compared to the previous year are illustrated as follows:

<b>Capital Projects Fund</b>	<b>FY 2004</b>	<b>FY 2005</b>
Revenue:		
Property Sale	\$1,144,218	\$1,422,679
Expenditures:		
200 North Overpass Project	\$0	\$3,481
Recreation Rest Room Project	\$52,803	\$0
Clover Club Project	\$165,015	\$4,498
Angel Street Park	\$766,564	\$1,000,774
	<u>\$984,382</u>	<u>\$1,008,753</u>

**Debt Service Fund**

During the fiscal year 2005, the debt service fund was used to account for the payment of property and revenue bond lease payments related to the City's fire station.

<b>Debt Service Fund</b>	<b>FY 2004</b>	<b>FY 2005</b>
Revenue:		
Transfers from General Fund	\$253,750	\$265,611
Expenditures:		
Land Payment	\$43,609	\$43,609
Debt Service - Fire Station Bonds	\$206,574	\$208,788
	<u>\$250,182</u>	<u>\$252,397</u>

**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

**Permanent Funds**

The City maintains two permanent funds. These funds have restrictions on the principal balance and only investment earnings may be spent. The cemetery perpetual care fund is used to account for monies deposited with the City for the perpetual maintenance of the cemetery. A perpetual care fee is charged with the sale of each burial lot. As of June 30, 2005 the principal balance is \$1,078,485. The library endowment fund is used to account for monies provided by a private donor. Alan and Kay Blood, long time residents of Kaysville City donated property to be sold with the proceeds of the sale to be used to supplement library expenditures. The corpus of this fund is \$639,233 with the total fund balance of \$793,271. Activity in these funds during fiscal year 2005 is as follows:

**Permanent Funds**

	Perpetual Care	Library Endowment	Total
Balance FY 2004	\$1,016,758	\$834,178	\$1,850,936
Revenues:			
Payments	\$36,670		\$36,670
Interest Earnings	\$25,057	\$17,002	\$42,059
	\$61,727	\$17,002	\$78,729
Expenditures:			
Expenditures 2005	\$0	\$57,909	\$57,909
Revenues over Expenditures	\$61,727	(\$40,907)	\$20,820
Balance FY 2005	\$1,078,485	\$793,271	\$1,871,756

**Proprietary Funds**

The City maintains several enterprise funds to account for operations that are operated in a manner similar to a private business. Fees and user charges are collected to operate the enterprise. Most of these funds are public utilities. During the year a storm water utility was added. Revenues collected for one month of service are included as part of the total revenues. The City also operates an ambulance service. Since fees are charged for this service, ambulance operations are accounted for in an enterprise fund.

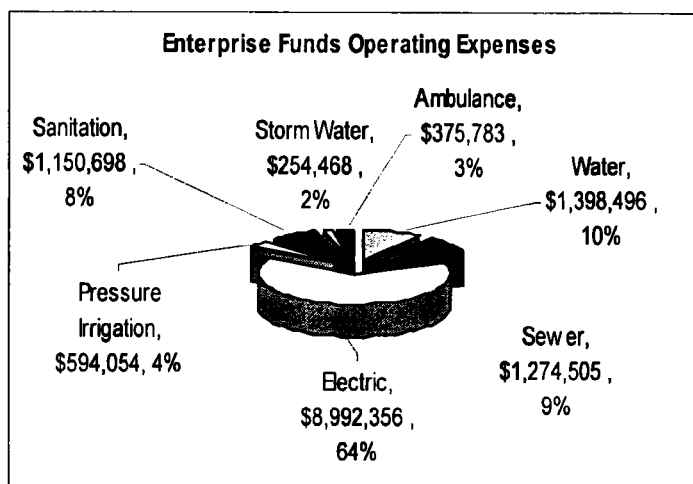
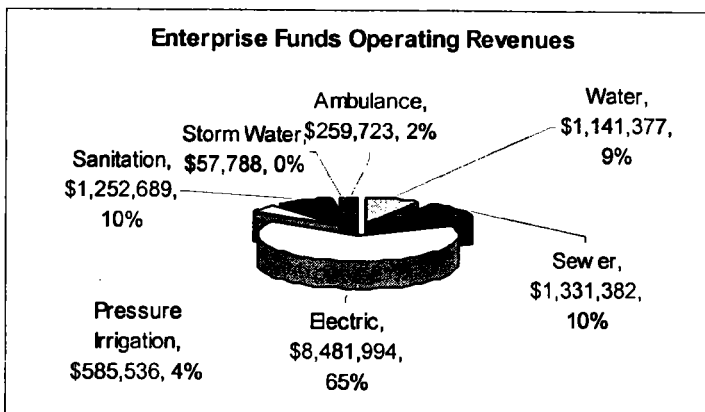
Operating revenues for all proprietary funds totaled \$13,110,489. This is an increase of about 2% over the prior year of \$12,899,374. Operating expenses totaled \$14,040,360. This is an increase of approximately 9%. This variance is somewhat of an anomaly during this reporting period. Continued monitoring each utility will be necessary to ensure operating revenues cover operating expenses.. Ambulance expenses have increased over the prior year; much of this is the reallocation of expenditures from the fire department to the ambulance fund. A transfer from the general fund is still necessary to finance ambulance services.



The table below and accompanying charts show the operations for fiscal year 2005.

Proprietary Funds

	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Operating Revenues	\$1,141,377	\$1,331,382	\$8,481,994	\$585,536	\$1,252,689	\$57,788	\$259,723	\$13,110,485
Operating Expenses	\$1,398,496	\$1,274,505	\$8,992,356	\$594,054	\$1,150,698	\$254,468	\$375,783	\$14,040,360
Operating Income	(\$257,119)	\$56,877	(\$510,362)	(\$8,518)	\$101,991	(\$196,680)	(\$116,060)	(\$929,871)
Non Operating Revenues/(Expenses)	\$254,866	\$0	\$1,772,849	\$0	\$0	\$0	(\$5,680)	\$2,022,035
Net Income before Transfers	(\$2,253)	\$56,877	\$1,262,487	(\$8,518)	\$101,991	(\$196,680)	(\$121,740)	\$1,092,167
Operating Transfer In/(Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$90,000	\$90,000
Net Income / (loss)	(\$2,253)	\$56,877	\$1,262,487	(\$8,518)	\$101,991	(\$196,680)	(\$31,740)	\$1,182,167



**Kaysville City, Utah**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
**(Continued)**

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Conclusion

This financial report is designed to provide a general overview of Kaysville City's finances. We believe this narrative read in conjunction with the other financial information included herein provides a clear understanding of the finances of Kaysville City.

Additional information may be obtained by contacting Kaysville City Finance at 23 East Center, Kaysville, Utah 84037, or by telephone (801-546-1235).

# **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**Fund Financial Statements**

**KAYSVILLE CITY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

Statement 1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 4,949,806	\$ 8,260,621	\$ 13,210,427
Investments	833,410	-	833,410
Accounts Receivable (Net)	576,879	1,520,585	2,097,464
Notes Receivable	7,405	-	7,405
Inventory	-	405,250	405,250
Total Current Assets	<u>6,367,500</u>	<u>10,186,456</u>	<u>16,553,956</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Land	3,561,325	1,531,812	5,093,137
Net Depreciable Capital Assets	18,002,755	24,278,670	42,281,425
Water Stock	-	1,631,990	1,631,990
Total Noncurrent Assets	<u>21,564,080</u>	<u>27,442,472</u>	<u>49,006,552</u>
Total Assets	<u>\$ 27,931,580</u>	<u>\$ 37,628,928</u>	<u>\$ 65,560,508</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 23,029	\$ 667,026	\$ 690,055
Deposits	412,299	46,385	458,684
Deferred Revenues	7,405	-	7,405
Noncurrent Liabilities Due Within One Year	572,818	114,194	687,012
Total Current Liabilities	<u>1,015,551</u>	<u>827,605</u>	<u>1,843,156</u>
<b>Noncurrent Liabilities</b>			
Due in more than one year	<u>2,109,433</u>	<u>89,244</u>	<u>2,198,677</u>
Total Noncurrent Liabilities	<u>2,109,433</u>	<u>89,244</u>	<u>2,198,677</u>
Total Liabilities	<u>3,124,984</u>	<u>916,849</u>	<u>4,041,833</u>
<b>NET ASSETS</b>			
Investments in Capital Assets, Net of Related Debt	19,063,908	27,289,164	46,353,072
Restricted for:			
Park Development Impact Fees	-	-	-
Transportation Impact Fee	545,549	-	545,549
Public Safety Impact Fee	30,586	-	30,586
Fire Station Land	63,785	-	63,785
Library	12,462	-	12,462
Perpetual Cemetery	1,078,485	-	1,078,485
Library Endowment:			
Expendable	154,038	-	154,038
Nonexpendable	639,233	-	639,233
Debt Service	159,508	-	159,508
Water Impact	-	1,816,441	1,816,441
Unrestricted	<u>3,059,042</u>	<u>7,606,474</u>	<u>10,665,516</u>
Total Net Assets	<u>24,806,596</u>	<u>36,712,079</u>	<u>61,518,675</u>
Total Liabilities and Net Assets	<u>\$ 27,931,580</u>	<u>\$ 37,628,928</u>	<u>\$ 65,560,508</u>

The notes to the financial statements are an integral part of this statement.

**KAYSVILLE CITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 1,149,813	\$ 510,135	\$ 8,275	\$ 56,377
Public Safety:				
Police	1,683,710	177,492	71,003	-
Fire	348,039	110,664	5,680	-
Community Development	418,435	151,202	-	-
Public Works	2,245,723	1,130,913	601,260	-
Parks, Recreation and Public Properties	1,341,495	826,766	-	-
Perpetual Cemetery	-	36,670	-	-
Library Endowment	57,909	-	-	-
Special Revenue - Library	290,769	16,839	6,657	-
Interest on Long-term Debt	129,459	-	-	-
<b>Total Governmental Activities</b>	<b>7,665,352</b>	<b>2,960,681</b>	<b>692,875</b>	<b>56,377</b>
<b>Business-Type Activities:</b>				
Water	1,398,496	1,382,070	-	-
Sewer	1,274,505	1,331,382	-	-
Electric	8,992,356	9,809,300	-	-
Pressure Irrigation	594,054	585,736	-	-
Sanitation	1,154,365	1,252,689	-	-
Storm Water	254,468	57,788	115,000	-
Ambulance	381,463	259,723	-	-
<b>Total Business-Type Activities</b>	<b>14,049,707</b>	<b>14,678,688</b>	<b>115,000</b>	<b>-</b>
<b>Total</b>	<b>\$ 21,715,059</b>	<b>\$ 17,639,369</b>	<b>\$ 807,875</b>	<b>\$ 56,377</b>

General revenues:  
Property Taxes  
Sales Tax  
Franchise Tax  
Energy Sales and Use Charge  
Interest and Investment Earnings  
Miscellaneous  
Contributions  
Transfers  
Special Item - Gain on Sale of Capital Assets

**Total General Revenues and Transfers**

**Change in Net Assets**

Net assets - Beginning

Prior Period Adjustment (Note 15)

Net assets - Beginning Restated

Net assets - Ending

The notes to the financial statements are an integral part of this statement.

Statement 2

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (575,026)	\$ -	\$ (575,026)
(1,435,215)	-	(1,435,215)
(231,695)	-	(231,695)
(267,233)	-	-
(513,550)	-	(513,550)
(514,729)	-	(514,729)
36,670	-	36,670
(57,909)	-	(57,909)
(267,273)	-	(267,273)
(129,459)	-	(129,459)
<u>(3,955,419)</u>	<u>-</u>	<u>(3,688,186)</u>
-	(16,426)	(16,426)
-	56,877	56,877
-	816,944	816,944
-	(8,318)	(8,318)
-	98,324	98,324
-	(81,680)	(81,680)
-	(121,740)	(121,740)
<u>-</u>	<u>743,981</u>	<u>743,981</u>
<u>(3,955,419)</u>	<u>743,981</u>	<u>(2,944,205)</u>
1,403,854	-	1,403,854
2,373,991	-	2,373,991
735,578	-	735,578
434,427	-	-
267,654	58,065	325,719
66,523	-	66,523
(4,189,921)	5,986,984	1,797,063
(90,000)	90,000	-
<u>-</u>	<u>401,651</u>	<u>401,651</u>
<u>1,002,106</u>	<u>6,536,700</u>	<u>7,104,379</u>
(2,953,313)	7,280,681	4,160,174
28,409,432	29,431,398	57,840,830
(649,523)	-	(649,523)
<u>27,759,909</u>	<u>-</u>	<u>27,759,909</u>
<u>\$ 24,806,596</u>	<u>\$ 36,712,079</u>	<u>\$ 61,518,675</u>

**KAYSVILLE CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,018,347	\$ 48,238	\$ 574,990
Investments	-	159,508	-
Accounts Receivable	576,879	-	-
Notes Receivable	<u>7,405</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,602,631</u>	<u>\$ 207,746</u>	<u>\$ 574,990</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Accounts Payable	\$ 23,029	\$ -	\$ -
Deposits	412,299	-	-
Deferred Revenues	<u>7,405</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>442,733</u>	<u>-</u>	<u>-</u>
Reserved for:			
Park Development Impact Fees	-	-	-
Transportation Impact Fee	545,549	-	-
Public Safety Impact Fee	30,586	-	-
Fire Station Land	-	63,785	-
Library	-	-	-
Perpetual Care	-	-	-
Library Endowment	-	-	-
Debt Service	-	159,508	-
Unreserved	<u>2,583,763</u>	<u>(15,547)</u>	<u>574,990</u>
Total Retained Earnings/Fund Balances	<u>3,159,898</u>	<u>207,746</u>	<u>574,990</u>
Total Equity and Other Credits	<u>3,159,898</u>	<u>207,746</u>	<u>574,990</u>
Total Liabilities and Fund Equity	<u>\$ 3,602,631</u>	<u>\$ 207,746</u>	<u>\$ 574,990</u>

The notes to the financial statements are an integral part of this statement.

## Statement 3

Library Special Revenue	Permanent Funds		Total Governmental Funds
	Perpetual Cemetery	Library Endowment	
\$ 110,377	\$ 1,078,485	\$ 119,369	\$ 4,949,806
-	-	673,902	833,410
-	-	-	576,879
-	-	-	7,405
<u>\$ 110,377</u>	<u>\$ 1,078,485</u>	<u>\$ 793,271</u>	<u>\$ 6,367,500</u>
\$ -	\$ -	\$ -	\$ 23,029
-	-	-	412,299
-	-	-	7,405
-	-	-	442,733
-	-	-	-
-	-	-	545,549
-	-	-	30,586
-	-	-	63,785
12,462	-	-	12,462
-	1,078,485	-	1,078,485
-	-	793,271	793,271
-	-	-	159,508
97,915	-	-	3,241,121
<u>110,377</u>	<u>1,078,485</u>	<u>793,271</u>	<u>5,924,767</u>
<u>110,377</u>	<u>1,078,485</u>	<u>793,271</u>	<u>5,924,767</u>
<u>\$ 110,377</u>	<u>\$ 1,078,485</u>	<u>\$ 793,271</u>	<u>\$ 6,367,500</u>



**KAYSVILLE CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

**Total fund balance - Governmental Funds**

**\$ 5,924,767**

**Amounts reported for governmental activities in the statement of net assets are different because:**

**Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:**

Land	3,561,325	
Buildings & Improvements, net of 2,088,031 accumulated depreciation	6,656,760	
Infrastructure, net of 12,161,168 of accumulated depreciation	10,340,464	
Furniture & Equipment, net of 558,885 accumulated depreciation	353,866	
Vehicles, net of 1,872,068 accumulated depreciation	<u>651,665</u>	21,564,080

**Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:**

Lease/Purchase Agreement		
Bonds Payable	(1,108,000)	
Note Payable	(1,332,552)	
Lease/Purchase Agreement	(59,620)	
Compensated Absences	<u>(182,079)</u>	<u>(2,682,251)</u>

**Total Net Assets - Governmental Activities**

**\$ 24,806,596**

The notes to the financial statements are an integral part of this statement.

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**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Taxes	\$ 4,641,597	\$ -	\$ -
Licenses and Permits	556,267	-	-
Impact Fees	927,119	-	-
Intergovernmental	742,595	-	-
Charges for Services	1,295,310	-	-
Fines and Forfeitures	82,680	-	-
Miscellaneous	337,303	611	-
Sale of Property	-	-	1,422,679
	<u>8,582,871</u>	<u>611</u>	<u>1,422,679</u>
<b>Total Revenues</b>			
	<u>8,582,871</u>	<u>611</u>	<u>1,422,679</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	1,108,863	-	-
Public Safety	2,011,936	-	-
Community Development	418,435	-	-
Public Works	2,762,873	-	-
Parks, Recreation and Public Properties	1,268,367	-	-
Library	-	-	-
<b>Debt Service:</b>			
Principal	-	202,458	257,840
Interest and Fiscal Charges	-	49,939	79,520
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>671,393</u>
	<u>7,570,474</u>	<u>252,397</u>	<u>1,008,753</u>
<b>Total Expenditures</b>			
	<u>7,570,474</u>	<u>252,397</u>	<u>1,008,753</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>1,012,397</u>	<u>(251,786)</u>	<u>413,926</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In			
General Fund	-	265,000	-
Transfers Out			
Debt Service Fund	(265,000)	-	-
Ambulance Fund	(90,000)	-	-
	<u>(355,000)</u>	<u>265,000</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>(355,000)</u>	<u>265,000</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and other Financing Sources over Expenditures and other uses</b>	<u>657,397</u>	<u>13,214</u>	<u>413,926</u>
<b>Fund balance - July 1</b>	<u>2,502,501</u>	<u>194,532</u>	<u>161,064</u>
<b>Fund Balance - June 30</b>	<u>\$ 3,159,898</u>	<u>\$ 207,746</u>	<u>\$ 574,990</u>

The notes to the financial statements are an integral part of this statement.

## Statement 4

Library Special Revenue	Permanent Funds		Total Governmental Funds
	Perpetual Cemetery	Library Endowment	
\$ 306,253	\$ -	\$ -	\$ 4,947,850
-	-	-	556,267
-	-	-	927,119
-	-	-	742,595
16,839	36,670	-	1,348,819
-	-	-	82,680
6,657	25,057	17,002	386,630
-	-	-	1,422,679
<u>329,749</u>	<u>61,727</u>	<u>17,002</u>	<u>10,414,639</u>
-	-	-	1,108,863
-	-	-	2,011,936
-	-	-	418,435
-	-	-	2,762,873
-	-	-	1,268,367
289,325	-	-	289,325
-	-	-	460,298
-	-	-	129,459
-	-	57,909	729,302
<u>289,325</u>	<u>-</u>	<u>57,909</u>	<u>9,178,858</u>
<u>40,424</u>	<u>61,727</u>	<u>(40,907)</u>	<u>1,235,781</u>
-	-	-	265,000
-	-	-	(265,000)
-	-	-	(90,000)
-	-	-	(90,000)
<u>40,424</u>	<u>61,727</u>	<u>(40,907)</u>	<u>1,145,781</u>
<u>69,953</u>	<u>1,016,758</u>	<u>834,178</u>	<u>4,778,986</u>
<u>\$ 110,377</u>	<u>\$ 1,078,485</u>	<u>\$ 793,271</u>	<u>\$ 5,924,767</u>

**KAYSVILLE CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2005**

Net change in fund balances-total governmental funds \$ 1,145,781

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$4,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	2,032,229	
Depreciation expense	<u>(957,602)</u>	1,074,627

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount of debt principal and compensated absences paid are as follows:

Repayment of note payable	257,840	
Repayment of capital lease	37,458	
Repayment of bond principal	165,000	
Compensated absences	<u>82,908</u>	543,206

In the statement of activities, revenue from installment sales of property is recognized at the time of the sale. The Governmental Funds does not record the entire sale as revenue at once, because it's not considered "available" revenue. This is the amount of proceeds received from the installment sale that has already been recorded as revenue in the statement of activities in prior years.

Proceeds from sale	(1,422,679)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - changes in long-term compensated absences payable.	(104,327)
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The Governmental Funds contributed capital assets to the Storm Water Fund. These contributions are not recorded as expenditures in the fund financial statements, because assets are not considered a current financial resource. In the statement of activities the contributions are reported as an expenditure to the Governmental Funds. This is the amount of contributions from the government.

(4,189,921)

Change in net assets of governmental activities

\$ (2,953,313)

The notes to the financial statements are an integral part of this statement.

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**KAYSVILLE CITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**JUNE 30, 2005**

	<u>Water</u>	<u>Sewer</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 1,448,631	\$ 734,174
Accounts Receivable (Net of Allowance for Uncollectibles)	-	-
Inventory	-	-
Due from Other Funds	-	-
<b>Total Current Assets</b>	<u>1,448,631</u>	<u>734,174</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets:</b>		
Land	120,094	-
Net Depreciable Capital Assets	9,387,935	28,214
Water Stock	52,140	-
<b>Total Noncurrent Assets</b>	<u>9,560,169</u>	<u>28,214</u>
<b>Total Assets</b>	<u>\$ 11,008,800</u>	<u>\$ 762,388</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ -	\$ -
Deposits	-	-
Due to Other Funds	-	-
Noncurrent Liabilities Due Within One Year	14,692	-
<b>Total Current Liabilities</b>	<u>14,692</u>	<u>-</u>
<b>Noncurrent Liabilities</b>		
Due In More Than One Year	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>14,692</u>	<u>-</u>
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Related Debt	9,560,169	28,214
Restricted for:		
Water Impact	1,816,441	-
Unrestricted	(382,502)	734,174
<b>Total Net Assets</b>	<u>10,994,108</u>	<u>762,388</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,008,800</u>	<u>\$ 762,388</u>

The notes to the financial statements are an integral part of this statement.

## Statement 5

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 5,543,543	\$ 10,384	\$ 523,889	\$ -	\$ -	\$ 8,260,621
1,397,306	-	-	-	123,279	1,520,585
405,250	-	-	-	-	405,250
366,184	-	-	-	-	366,184
<u>7,712,283</u>	<u>10,384</u>	<u>523,889</u>	<u>-</u>	<u>123,279</u>	<u>10,552,640</u>
1,395,397	16,321	-	-	-	1,531,812
10,016,934	-	245,026	4,511,208	89,353	24,278,670
-	1,579,850	-	-	-	1,631,990
<u>11,412,331</u>	<u>1,596,171</u>	<u>245,026</u>	<u>4,511,208</u>	<u>89,353</u>	<u>27,442,472</u>
<u>\$ 19,124,614</u>	<u>\$ 1,606,555</u>	<u>\$ 768,915</u>	<u>\$ 4,511,208</u>	<u>\$ 212,632</u>	<u>\$ 37,995,112</u>
\$ 667,026	\$ -	\$ -	\$ -	\$ -	\$ 667,026
46,385	-	-	-	-	46,385
-	-	-	144,428	221,756	366,184
35,438	-	20,561	-	43,503	114,194
<u>748,849</u>	<u>-</u>	<u>20,561</u>	<u>144,428</u>	<u>265,259</u>	<u>1,193,789</u>
-	-	43,849	-	45,395	89,244
-	-	43,849	-	45,395	89,244
<u>748,849</u>	<u>-</u>	<u>64,410</u>	<u>144,428</u>	<u>310,654</u>	<u>1,283,033</u>
11,412,331	1,596,171	180,616	4,511,208	455	27,289,164
-	-	-	-	-	1,816,441
6,963,434	10,384	523,889	(144,428)	(98,477)	7,606,474
<u>18,375,765</u>	<u>1,606,555</u>	<u>704,505</u>	<u>4,366,780</u>	<u>(98,022)</u>	<u>36,712,079</u>
<u>\$ 19,124,614</u>	<u>\$ 1,606,555</u>	<u>\$ 768,915</u>	<u>\$ 4,511,208</u>	<u>\$ 212,632</u>	<u>\$ 37,995,112</u>



**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Water</u>	<u>Sewer</u>
<b>Operating Revenues:</b>		
Charges for Services	<u>\$ 1,141,377</u>	<u>\$ 1,331,382</u>
<b>Total Operating Revenues</b>	<u>1,141,377</u>	<u>1,331,382</u>
<b>Operating Expenses:</b>		
Personnel Services	315,470	10,738
Contractual Services	58,500	1,205,302
Administrative Charges from General Fund	135,000	52,500
Purchases Water/Treatment/Power/Refuse	337,652	-
Supplies and Miscellaneous Operating	128,014	5,100
Equipment and Maintenance	180,712	177
Energy Sales and Use Tax Charge	-	-
Bad Debt Expense	-	-
Depreciation	<u>243,148</u>	<u>688</u>
<b>Total Operating Expenses</b>	<u>1,398,496</u>	<u>1,274,505</u>
<b>Operating Income (Loss)</b>	<u>(257,119)</u>	<u>56,877</u>
<b>Non-Operating Revenues (Expenses):</b>		
Miscellaneous	-	-
Rental Income	-	-
Connection Fees	78,496	-
Extension Fees	-	-
Impact Fees	162,197	-
Sale of Property	-	-
Interest Income	14,173	-
Interest Expense	<u>-</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>254,866</u>	<u>-</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(2,253)</u>	<u>56,877</u>
Contributions From Developers	271,024	-
Contributions From the General Government	-	-
Transfers In (Out):		
General Fund	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>268,771</u>	<u>56,877</u>
<b>Total Net Assets - Beginning</b>	<u>10,725,337</u>	<u>705,511</u>
<b>Total Net Assets - Ending</b>	<u><u>\$ 10,994,108</u></u>	<u><u>\$ 762,388</u></u>

The notes to the financial statements are an integral part of this statement.

## Statement 6

<u>Electric</u>	<u>Pressure Irrigation</u>	<u>Sanitation</u>	<u>Storm Water</u>	<u>Ambulance</u>	<u>Total</u>
<u>\$ 8,481,994</u>	<u>\$ 585,536</u>	<u>\$ 1,252,689</u>	<u>\$ 57,788</u>	<u>\$ 259,723</u>	<u>\$ 13,110,489</u>
<u>8,481,994</u>	<u>585,536</u>	<u>1,252,689</u>	<u>57,788</u>	<u>259,723</u>	<u>13,110,489</u>
623,288	7,863	18,756	-	265,812	1,241,927
323,601	551,187	1,030,452	-	16,295	3,185,337
193,500	35,004	35,004	-	-	451,008
6,435,240	-	-	-	-	6,772,892
176,094	-	2,442	27,054	40,920	379,624
373,767	-	9,307	16,847	8,630	589,440
434,427	-	-	-	-	434,427
29,268	-	-	-	-	29,268
403,171	-	54,737	210,567	44,126	956,437
<u>8,992,356</u>	<u>594,054</u>	<u>1,150,698</u>	<u>254,468</u>	<u>375,783</u>	<u>14,040,360</u>
<u>(510,362)</u>	<u>(8,518)</u>	<u>101,991</u>	<u>(196,680)</u>	<u>(116,060)</u>	<u>(929,871)</u>
57,166	-	-	115,000	-	172,166
21,260	-	-	-	-	21,260
12,241	200	-	-	-	90,937
1,036,595	-	-	-	-	1,036,595
200,044	-	-	-	-	362,241
401,651	-	-	-	-	401,651
43,892	-	-	-	-	58,065
-	-	(3,667)	-	(5,680)	(9,347)
<u>1,772,849</u>	<u>200</u>	<u>(3,667)</u>	<u>115,000</u>	<u>(5,680)</u>	<u>2,133,568</u>
1,262,487	(8,318)	98,324	(81,680)	(121,740)	1,203,697
-	1,267,500	-	258,539	-	1,797,063
-	-	-	4,189,921	-	4,189,921
-	-	-	-	90,000	90,000
<u>1,262,487</u>	<u>1,259,182</u>	<u>98,324</u>	<u>4,366,780</u>	<u>(31,740)</u>	<u>7,280,681</u>
<u>17,113,278</u>	<u>347,373</u>	<u>606,181</u>	<u>-</u>	<u>(66,282)</u>	<u>29,431,398</u>
<u>\$ 18,375,765</u>	<u>\$ 1,606,555</u>	<u>\$ 704,505</u>	<u>\$ 4,366,780</u>	<u>\$ (98,022)</u>	<u>\$ 36,712,079</u>

**KAYSVILLE CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,141,377	\$ 1,331,382
Cash Received from Interfund Services	-	-
Cash Payments to Suppliers for Goods and Services	(704,878)	(1,210,579)
Cash Payments to Employees for Services	(312,066)	(10,738)
Cash Payments for Interfund Services	(135,000)	(52,500)
Net Cash Provided (Used) by Operating Activities	<u>(10,567)</u>	<u>57,565</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers In	-	-
Net Cash Used In Non-Capital Financing Activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Impact, Extension and Connection Fees	240,693	-
Acquisition of Capital Assets	(873,823)	-
Principal Paid on Bonds and Notes	-	-
Proceeds From Sale of Capital Assets	-	-
Miscellaneous	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(633,130)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	14,173	-
Interest Paid	-	-
Net Cash Provided (Used) from Investing Activities	<u>14,173</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(629,524)</u>	<u>57,565</u>
Cash/Equivalents at Beginning of Year	<u>2,078,155</u>	<u>676,609</u>
Cash/Equivalents at End of Year	<u>\$ 1,448,631</u>	<u>\$ 734,174</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (257,119)	\$ 56,877
Reconciliation Adjustments:		
Depreciation	243,148	688
Bad Debt Expense	-	-
Changes in Assets and Liabilities:		
Changes in Receivables	-	-
Changes in Due from Other Funds	-	-
Changes in Accounts Payable	-	-
Changes in Due to Other Funds	-	-
Changes in Compensated Absences	3,404	-
Total Adjustments	<u>246,552</u>	<u>688</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (10,567)</u>	<u>\$ 57,565</u>
<b>Noncash investing and capital activities:</b>		
Contributions from Developers	271,024	-
Contributions from the General Government	-	-

The notes to the financial statements are an integral part of this statement.

## Statement 7

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 8,409,394	\$ 585,536	\$ 1,252,689	\$ 57,788	\$ 231,615	\$ 13,009,781
-	-	-	144,428	57,412	201,840
(7,769,853)	(552,087)	(1,042,201)	(43,901)	(65,845)	(11,389,344)
(616,740)	(7,863)	(18,756)	-	(265,812)	(1,231,975)
(395,340)	(35,004)	(35,004)	-	-	(652,848)
(372,539)	(9,418)	156,728	158,315	(42,630)	(62,546)
-	-	-	-	90,000	90,000
-	-	-	-	90,000	90,000
1,248,880	200	-	-	-	1,489,773
(1,433,573)	-	(37,000)	(273,315)	-	(2,617,711)
(3,200)	-	(19,702)	-	(41,690)	(64,592)
729,688	-	-	-	-	729,688
78,426	-	-	115,000	-	193,426
620,221	200	(56,702)	(158,315)	(41,690)	(269,416)
43,892	-	-	-	-	58,065
-	-	(3,667)	-	(5,680)	(9,347)
43,892	-	(3,667)	-	(5,680)	48,718
291,574	(9,218)	96,359	-	-	(193,244)
5,251,969	19,602	427,530	-	-	8,453,865
\$ 5,543,543	\$ 10,384	\$ 523,889	\$ -	\$ -	\$ 8,260,621
\$ (510,362)	\$ (8,518)	\$ 101,991	\$ (196,680)	\$ (116,060)	\$ (929,871)
403,171	-	54,737	210,567	44,126	956,437
29,268	-	-	-	-	29,268
(72,600)	-	-	-	(28,108)	(100,708)
(201,840)	-	-	144,428	57,412	-
(26,724)	(900)	-	-	-	(27,624)
6,548	-	-	-	-	9,952
137,823	(900)	54,737	354,995	73,430	867,325
\$ (372,539)	\$ (9,418)	\$ 156,728	\$ 158,315	\$ (42,630)	\$ (62,546)
-	1,267,500	-	258,539	-	1,797,063
-	-	-	4,189,921	-	4,189,921

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**NOTES TO  
BASIC FINANCIAL STATEMENTS**

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Kaysville City was settled in 1850 and on March 15, 1968 was incorporated. Kaysville operates under a Council-manager form of government. The Mayor and the five City Council members are elected at large with staggered terms. The City provides the following services: Public safety (police and fire), public utilities (water, sewer, electric, sanitation, pressure irrigation, and storm water), streets, library, parks, recreation, public works, planning and zoning, code enforcement and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable that do not conflict with or contradict GASB pronouncements). Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB).

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.) and a change in the fund financial statements focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City elected to implement the general provisions of the Statement in the year ended June 30, 2003 and has retroactively reported infrastructure (assets acquired prior to June 30, 2002).

**Blended Component Units**

Municipal Building Authority of Kaysville City, Utah (MBA). The MBA's governing board is financially dependent upon the government. There was no activity during the year.

**Basic Financial Statements - Government-Wide Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. Government activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The City's basic financial statements include both governmental-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the city and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative over-head are allocated among the programs.

Functions and segments using a full cost allocation approach are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the government.

The City has the following fund types:

**Governmental funds** are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the accrual basis of accounting.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Debt Service Funds account for resources accumulated and payments made for principal and interest in general obligations for the city.

Special Revenue Funds account for revenues sources that are largely restricted to expenditures for specific purposes (not including permanent funds or major capital projects).

Permanent Funds are accounted for in essentially the same manner as the proprietary fund types, using the same measurement focus and basis of accounting. Permanent funds account for assets of which the principal may not be spent.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.



**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City has a total of thirteen funds, including six governmental funds and seven proprietary funds.

**Measurement Focus and Basis of Accounting**

The accounts of Kaysville City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on Long-term liabilities which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Assets, Liabilities and Equity**

**Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements and the State Treasurer's Investment Pool.

Investments are stated at cost which approximates fair value.

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and Payables (continued)**

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets used in governmental fund types of the government are reported in the applicable governmental or proprietary fund columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary and similar trust funds of the government using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Water System	50
Electrical System	35
Vehicles	5
Equipment	7

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Typically the general fund liquidates approximately 60% of the liability for compensated absences while the water fund and the electric fund each liquidate approximately 20% of the liability. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Long-term Liabilities**

The City reports long-term liabilities of governmental funds at face value in the applicable governmental fund, enterprise fund or proprietary fund type balance sheet. Certain other governmental fund liabilities not expected to be financed with current available financial resources are also reported in the applicable fund type. Long-term liabilities and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financial source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

**Equity**

*Fund financial statements*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

**Operating Revenues and Expenses**

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

**Budget Information**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah Cities" by the Kaysville City Council on or before June 22nd for the following fiscal year which begins on July 1 for all the funds. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however, budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

Budgets are adopted on a basis consistent with generally accepted accounting principles.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first regular scheduled meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance
2. Prior to the formal adoption of the budget, the City Council will hold budget workshop meetings which are open to the public.
3. Prior to budget adoption the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Fund and Enterprise Funds.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Budgets for the General Fund and the Capital Projects Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the 2004/2005 fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the General Fund. For budgetary purposes appropriations lapse at fiscal year end and except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**Summary of Action Required for Budget Changes**

1. Transfers of unexpended appropriations from one division to another and from one expenditure account to another in the same division can be made with the consent of the Budget Officer.
2. The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.
3. Fund budgets may be increased by resolution after a public hearing. Final amendments to budgets in the current year shall be adopted by the Council by the last day of the fiscal year. Budgets of Enterprise Funds may be increased by resolution of the governing body (public hearing not required).

**Restricted Net Assets**

All of the City's reserve fund balances are also considered restricted net assets.

General Fund - all unexpended Class "C" Road payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

Park Development - represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for new parks to be developed throughout the City.

Transportation Impact Fee - represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for roadway facilities.

Public Safety Impact Fee - represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for public safety. .

Fire Station Land - represents funds restricted by creditors to pay the long term liability associated with the fire station land.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 1,859,829	\$ -	\$ (328,017)	\$ 1,531,812
Water Stock	364,490	1,267,500	-	1,631,990
Total capital assets, not being depreciated	2,224,319	1,267,500	(328,017)	3,163,802
Capital assets, being depreciated				
Buildings and improvements	24,599,889	11,331,830	-	35,931,719
Vehicles	997,029	34,213	-	1,031,242
Equipment	864,479	37,000	-	901,479
Total capital assets, being depreciated	26,461,397	11,403,043	-	37,864,440
Accumulated Depreciation for:				
Buildings and improvements	(7,182,977)	-	(5,027,056)	(12,210,033)
Vehicles	(676,113)	-	(89,567)	(765,680)
Furniture and Equipment	(537,465)	-	(72,592)	(610,057)
Total accumulated depreciation	(8,396,555)	-	(5,189,215)	(13,585,770)
Total capital assets, being depreciated, net	18,064,842	11,403,043	(5,189,215)	24,278,670
Business-type activities capital assets, net	<u>\$20,289,161</u>	<u>\$12,670,543</u>	<u>\$(5,517,232)</u>	<u>\$27,442,472</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities:**

General Government	\$ 7,226
Public Safety	
Police	58,579
Fire	87,509
Public Works	627,881
Parks and Public Properties	163,043
Recreation and Community Events	13,364

**Total Governmental Activities Depreciation Expense** \$ 957,602

**Business-type Activities:**

Water	\$ 243,148
Sewer	688
Electric	403,171
Sanitation	54,737
Storm Water	210,567
Ambulance	44,126

**Total Business-type Activities Depreciation Expense** \$ 956,437

KAYSVILLE CITY - June 30, 2005

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

Capital assets by proprietary fund are as follows:

	Water Utility	Sewer Utility	Electric Utility	Pressure Irrigation	Sanitation Utility	Storm Water	Ambulance	Total
Land	\$ 120,094	\$ -	\$1,395,397	\$ 16,321	\$ -	\$ -	\$ -	\$ 1,531,812
Water Stock	52,140	-	-	1,579,850	-	-	-	1,631,990
Buildings	123,869	41,291	660,636	-	-	-	-	825,796
Improvements	12,508,933	-	13,642,437	-	-	8,954,553	-	35,105,923
Equipment	54,326	-	151,773	-	689,522	-	5,858	901,479
Vehicles	238,501	-	578,041	-	-	-	214,700	1,031,242
Total	13,097,863	41,291	16,428,284	1,596,171	689,522	8,954,553	220,558	41,028,242
Less: Accum. Depr.	(3,537,694)	(13,077)	(5,015,953)	-	(444,496)	(4,443,345)	(131,205)	(13,585,770)
Net	<u>\$9,560,169</u>	<u>\$ 28,214</u>	<u>\$11,412,331</u>	<u>\$1,596,171</u>	<u>\$ 245,026</u>	<u>\$4,511,208</u>	<u>\$ 89,353</u>	<u>\$27,442,472</u>

6. NEW STORM WATER FUND

During the year the City started charging a storm water fee which is assessed as a charge for service on the monthly utility billings. The City established a separate Enterprise fund to account for storm water activities. Accordingly, the storm water infrastructure was transferred from the General Fund to the new Storm Water Fund. This transfer valued at \$4,189,921 was the book value (cost less depreciation) of the storm water infrastructure.

7. DEPOSITS

General Fund - Deposits in the general fund as of June 30, 2005 are as follows:

Business license bonds refundable	\$ 1,000
Builders' deposits	405,920
Other deposits	5,379
Total	<u>\$ 412,299</u>

Enterprise Funds - All utility and developer's deposits are recorded in the electric utility fund. As of June 30, 2005 deposits are as follows:

Utility deposits	<u>\$ 46,385</u>
Total deposits	<u>\$ 46,385</u>

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**8. LEASES**

The City has entered into three lease purchase agreements. These lease agreements qualify for capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. All amortization expense for the capital leases has been included in depreciation expense.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities	
		Sanitation Fund	Ambulance Fund
Buildings and Improvements	\$ 1,909,764	\$ -	\$ -
Equipment	-	157,310	-
Vehicles	-	-	214,770
Less: Accumulated Amortization	(159,146)	(31,462)	(128,862)
Total	<u>\$ 1,750,618</u>	<u>\$ 125,848</u>	<u>\$ 85,908</u>

**Governmental activities:**

The City has entered into a lease agreement as lessee for financing the land for the City's new fire station. The lease was issued in August of 1998. Semi-annual payments are made on January 1 and July 1 of each year. The lease bears an interest rate of 7.00%. The final payment will be made on July 1, 2006. The Debt Service Fund has been used to liquidate this lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ended June 30,	Capital Lease (Fire Station)		
	7.00%		
	Principal	Interest	Total
2006	\$ 40,125	\$ 3,483	\$ 43,608
2007	19,495	2,309	21,804
Totals	<u>\$ 59,620</u>	<u>\$ 5,792</u>	<u>\$ 65,412</u>



**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**8. LEASES (Continued)**

**Business-type activities:**

The City has also entered into two other lease agreements as lessee for the acquisition of a street sweeper and two ambulances. The sweeper lease purchase agreement bears an interest rate of 4.36%. Annual payments are made with the final payment being made in 2008. Payments are made from the Sanitation Fund.

In the statement of activities, \$3,667 in interest expense was charged to the Sanitation Fund as a direct expense for the year ended June 30, 2005.

<u>Year Ended June 30,</u>	<b>Capital Lease (Sweeper)</b>		
	<b>4.36%</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 20,561	\$ 2,808	\$ 23,369
2007	21,457	1,912	23,369
2008	22,392	977	23,369
<b>Totals</b>	<b>\$ 64,410</b>	<b>\$ 5,697</b>	<b>\$ 70,107</b>

The ambulance lease purchase agreement bears an interest rate of 4.35%. Annual payments are made with the final payment being made in 2008. Payments are made from the Ambulance Fund.  
The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

In the statement of activities, \$5,680 in interest expense was charged to the Ambulance Fund as a direct expense for the year ended June 30, 2005.

<u>Year Ended June 30,</u>	<b>Capital Lease (Ambulance)</b>		
	<b>4.35%</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 43,503	\$ 3,867	\$ 47,370
2007	45,395	1,975	47,370
<b>Totals</b>	<b>\$ 88,898</b>	<b>\$ 5,842</b>	<b>\$ 94,740</b>

**KAYSVILLE CITY - June 30, 2005****NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)****9. LONG-TERM LIABILITIES**

The City is liable for a note payable issued in December 2002 for the purchase of Angel Street Park. Payments are made annually on May 10 with the final payment being made on May 10, 2010. The note payable bears an interest rate of 5.00%. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Note Payable (Park Land)</b>		
	<b>5.00%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 270,732	\$ 66,628	\$ 337,360
2007	284,268	53,092	337,360
2008	61,122	38,878	100,000
2009	64,178	35,822	100,000
2010	652,252	32,613	684,865
<b>Totals</b>	<b>\$ 1,332,552</b>	<b>\$ 227,033</b>	<b>\$ 1,559,585</b>

The City is liable for the repayment of a bond issued in 2002 to finance the construction of the City's new fire station. Principal and interest are both paid on March 16 of each year and an additional interest payment is made on September 15 of each year. Interest rate changes from year to year and is displayed in the table below. The bonds will mature on March 16, 2011. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Series 2002 Bonds</b>			
	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	3.10%	\$ 168,000	\$ 39,336	\$ 207,336
2007	3.30%	176,000	34,128	210,128
2008	3.50%	179,000	28,320	207,320
2009	3.65%	187,000	22,055	209,055
2010	3.75%	195,000	15,230	210,230
2011	3.90%	203,000	7,917	210,917
<b>Totals</b>		<b>\$ 1,108,000</b>	<b>\$ 146,986</b>	<b>\$ 1,254,986</b>

KAYSVILLE CITY - June 30, 2005

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**9. LONG-TERM LIABILITIES (Continued)**

Activity with long-term liabilities including capital leases and compensated absences for the year ended June 30, 2005 was as follows:

<b>Governmental Activities:</b>	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2005</b>	<b>Amounts Due Within One Year</b>
Note Payable (Park Land)	\$1,590,392	\$ -	\$ (257,840)	\$1,332,552	\$270,732
Capital Lease (Fire Station)	97,078	-	(37,458)	59,620	40,125
Series 2002 Bonds	1,273,000	-	(165,000)	1,108,000	168,000
Total Debt	2,960,470	-	(460,298)	2,500,172	478,857
Compensated Absences	160,660	104,327	(82,908)	182,079	93,961
<b>Total Governmental Activities</b>	<b>\$3,121,130</b>	<b>\$ 104,327</b>	<b>\$ (543,206)</b>	<b>\$2,682,251</b>	<b>\$572,818</b>

<b>Business-type Activities:</b>	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2005</b>	<b>Amounts Due Within One Year</b>
Capital Lease (Sweeper)	\$ 84,112	\$ -	\$ (19,702)	\$ 64,410	\$ 20,561
Capital Lease (Ambulances)	130,588	-	(41,690)	88,898	43,503
Note Payable (Electric Fund)	3,200	-	(3,200)	-	-
Total Debt	217,900	-	(64,592)	153,308	64,064
Compensated Absences	40,181	65,221	(55,272)	50,130	50,130
<b>Total Business-type Activities</b>	<b>\$ 258,081</b>	<b>\$ 65,221</b>	<b>\$ (119,864)</b>	<b>\$ 203,438</b>	<b>\$114,194</b>

For the year ended June 30, 2005, \$129,459 in interest was charged to expense in the Governmental Activities and \$9,347 was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2005, in Governmental or Business-type Activities.

**10. RETIREMENT SYSTEMS**

**Plan Description** - Kaysville City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with Social Security coverage, which is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**10. RETIREMENT SYSTEMS (Continued)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also established the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy** – Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Kaysville City is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Kaysville City is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and Kaysville City is required to contribute 7.70% of their annual salary and 19.08% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

**Defined Benefit Plan** – The Kaysville City Contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004 and 2003 were \$4,193, \$3,224, and \$2,637 respectively and for the Noncontributory Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$204,620, \$151,483, and \$129,873 respectively and for the Public Safety Retirement System contributions for June 30, 2005, 2004 and 2003 were \$125,875, \$102,072, and \$85,235 respectively. The contributions were equal to the required contributions for each year.

**Defined Contribution Plan** – The City also provides a money purchase plan and a 401-k plan for employees. The plans are adopted and amended by the City Council, administered by the trustees with money management and contract administration provided by The Principal Financial Group. The money purchase plan is funded by the City in an amount which brings all retirement benefits paid by the City to an equal basis. The Plan covers all City employees and participants who are fully vested. The required contributions for the year ended June 30, 2005 totaled \$166,664. The 401-k plan is an elective deferral plan. All City employees may contribute up to 25% of pay. All participants are fully vested. Contributions for the year ended June 30, 2005 totaled approximately \$113,899.

**11. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**12. INTERFUND TRANSACTIONS**

Due from/to Other Funds

Due from/to other funds as of June 30, 2005 were as follows:

<u>Due from Other Funds</u>			
<u>Due to Other Funds</u>	<u>Storm Water</u>	<u>Ambulance</u>	<u>Total</u>
<b>Electric Fund</b>	<b>\$ 144,428</b>	<b>\$ 221,756</b>	<b>\$ 366,184</b>

The above dues from/to other funds have resulted from the normal course of the City's operations, in which certain funds have borrowed money from other fund(s) in order to pay for operating costs.

Transfers In/Out

Transfers for the year ended June 30, 2005 were as follows:

<u>Transfers In</u>			
<u>Transfers Out</u>	<u>Debt Service Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
<b>General Fund</b>	<b>\$ 265,000</b>	<b>\$ 90,000</b>	<b>\$ 355,000</b>
<b>Totals</b>	<b>\$ 265,000</b>	<b>\$ 90,000</b>	<b>\$ 355,000</b>

The above transfers resulted from the normal course of the City's operation.

**13. PROPERTY TAX**

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

No revenue is recognized for delinquent taxes as corresponding entries are made to taxes receivable and deferred revenue. Due to the collection process, which is a County function, delinquent property taxes are reported as revenue when received. The County handles the accounting for property tax collections and the collection of delinquencies can take up to five years, at which time property is sold at tax auctions to collect on property tax liens.

**KAYSVILLE CITY - June 30, 2005**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Expenditures over budget:

The following individual funds and departments incurred expenditures in excess of budget:

<u>General Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Legal Services	\$ 127,000	\$ 132,125	\$ 5,125
Police Department	1,740,450	1,747,512	7,062
Class "C" Roads	1,725,000	1,750,521	25,521
Recreation	453,300	467,263	13,963
Community Events	58,800	66,390	7,590

**15. PRIOR PERIOD ADJUSTMENT**

The following prior period adjustment has been made in the financial statements, which is reported as an adjustment to beginning net assets. The adjustment on beginning net assets had no effect on the operations of the preceding year; however, the adjustment decreased the beginning net assets by \$649,523.

Adjustment to net assets of governmental activities in the government-wide financial statements:

Decrease in the capital assets of governmental activities to correct an error in the carrying value of assets at the end of the prior year.	(\$ 700,294)
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Decrease in the accumulated depreciation of capital assets in the Governmental activities to correct an error at the end of the prior year.	50,771
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<b>Net decrease in net assets of governmental activities</b>	<b><u>(\$ 649,523)</u></b>
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The effect of this adjustment on the capital assets and accumulated depreciation is shown in Note 5.

**REQUIRED SUPPLEMENTARY INFORMATION**

**General Fund**

**Library Special Revenue Fund**

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2005**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
<b>Taxes:</b>				
Property Taxes - Current	\$ 825,195	\$ 825,195	\$ 834,160	\$ 8,965
Property Taxes - Redemptions	55,000	55,000	45,835	(9,165)
Motor Vehicle Fee in Lieu	220,000	220,000	217,606	(2,394)
Sales Tax	2,155,000	2,155,000	2,373,991	218,991
Utility License Tax	535,000	660,000	735,578	75,578
Energy Sales and Use Charge	460,000	460,000	434,427	(25,573)
	<u>4,250,195</u>	<u>4,375,195</u>	<u>4,641,597</u>	<u>266,402</u>
<b>Licenses and Permits:</b>				
Business Licenses	48,000	48,000	48,662	662
Building Permits	375,000	375,000	507,605	132,605
	<u>423,000</u>	<u>423,000</u>	<u>556,267</u>	<u>133,267</u>
<b>Intergovernmental:</b>				
Class "C" Road	725,000	725,000	601,260	(123,740)
State Liquor Allotment	7,500	7,500	8,275	775
LLEBG Grant	-	-	7,328	7,328
Homeland Securities Grant	65,000	65,000	63,675	(1,325)
Emergency Medical Services Grant	-	-	5,680	5,680
Community Development Block Grant	100,000	100,000	56,377	(43,623)
	<u>897,500</u>	<u>897,500</u>	<u>742,595</u>	<u>(154,905)</u>
<b>Charges for Services:</b>				
Administrative Charges	509,500	509,500	509,508	8
Zoning	135,000	150,000	151,202	1,202
Maps and Publications	500	500	627	127
Fire Protection	125,000	125,000	110,664	(14,336)
Law Enforcement	60,000	60,000	64,352	4,352
Streets	10,000	10,000	6,420	(3,580)
Parks and Recreation	317,000	317,000	331,967	14,967
Landscape Maintenance	3,500	3,500	2,660	(840)
Cemetery Lots	50,000	50,000	69,135	19,135
Burial Fees	50,000	50,000	45,525	(4,475)
Miscellaneous Charges	5,000	5,000	3,250	(1,750)
	<u>1,265,500</u>	<u>1,280,500</u>	<u>1,295,310</u>	<u>14,810</u>
<b>Fines and Forfeitures</b>	<u>65,000</u>	<u>65,000</u>	<u>82,680</u>	<u>17,680</u>

(continued)



**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Other Revenues:</b>				
Interest Earnings	80,000	80,000	224,984	144,984
Rents	16,000	16,000	24,154	8,154
Community Development Payments	-	-	532	532
Sale of Materials	-	-	5,310	5,310
Park Impact Fees	-	-	353,325	353,325
Transportation Impact Fees	-	-	543,334	543,334
Public Safety Impact Fees	-	-	30,460	30,460
Sundry	734,950	738,450	57,963	(680,487)
Street Improvement Fees	-	-	24,360	24,360
	<u>830,950</u>	<u>834,450</u>	<u>1,264,422</u>	<u>429,972</u>
<b>Total Revenues</b>	<u>7,732,145</u>	<u>7,875,645</u>	<u>8,582,871</u>	<u>707,226</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
City Council	61,850	69,350	66,567	2,783
City Manager	120,900	120,900	113,314	7,586
Administrative Services	524,850	524,850	501,761	23,089
Geographic Information Systems	93,750	93,750	88,074	5,676
Legal Services	123,500	127,000	132,125	(5,125)
Elections	20,000	20,000	3,090	16,910
Animal Control	24,000	25,000	24,924	76
Fleet Maintenance	145,300	145,300	143,366	1,934
Community Development Block Grant	100,000	100,000	35,642	64,358
	<u>1,214,150</u>	<u>1,226,150</u>	<u>1,108,863</u>	<u>117,287</u>
<b>Public Safety:</b>				
Police Department	1,740,450	1,740,450	1,747,512	(7,062)
Fire Department	321,500	321,500	264,424	57,076
	<u>2,061,950</u>	<u>2,061,950</u>	<u>2,011,936</u>	<u>50,014</u>
<b>Community Development:</b>				
Planning and Zoning	193,100	193,100	146,333	46,767
Code Enforcement	307,200	307,200	272,102	35,098
	<u>500,300</u>	<u>500,300</u>	<u>418,435</u>	<u>81,865</u>
<b>Public Works:</b>				
Public Works	727,400	1,015,400	1,012,352	3,048
Class "C" Roads	1,570,000	1,725,000	1,750,521	(25,521)
	<u>2,297,400</u>	<u>2,740,400</u>	<u>2,762,873</u>	<u>(22,473)</u>

(continued)

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Parks, Recreation and Public Properties:</b>				
Buildings	126,000	126,000	99,811	26,189
Parks	527,200	537,200	535,887	1,313
Recreation	438,300	453,300	467,263	(13,963)
Community Events	55,300	58,800	66,390	(7,590)
Cemetery	132,350	132,350	99,016	33,334
	<u>1,279,150</u>	<u>1,307,650</u>	<u>1,268,367</u>	<u>39,283</u>
<b>Total Expenditures</b>	<u>7,352,950</u>	<u>7,836,450</u>	<u>7,570,474</u>	<u>265,976</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>379,195</u>	<u>39,195</u>	<u>1,012,397</u>	<u>973,202</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (Out):				
Debt Service Fund	(265,000)	(265,000)	(265,000)	-
Ambulance Fund	(90,000)	(90,000)	(90,000)	-
	<u>(355,000)</u>	<u>(355,000)</u>	<u>(355,000)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<u>24,195</u>	<u>(315,805)</u>	<u>657,397</u>	<u>973,202</u>
<b>Fund Balance - July 1</b>	<u>2,502,501</u>	<u>2,502,501</u>	<u>2,502,501</u>	<u>-</u>
<b>Fund Balance - June 30</b>	<u>\$ 2,526,696</u>	<u>\$ 2,186,696</u>	<u>\$ 3,159,898</u>	<u>\$ 973,202</u>

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 301,395	\$ 301,395	\$ 306,253	\$ 4,858
Library Grant	-	-	6,657	6,657
Library Use Fees	7,500	7,500	12,942	5,442
Miscellaneous Charges	-	-	3,897	3,897
<b>Total Revenues</b>	<b>308,895</b>	<b>308,895</b>	<b>329,749</b>	<b>20,854</b>
<b>EXPENDITURES:</b>				
Library	292,100	292,100	289,325	2,775
<b>Total Expenditures</b>	<b>292,100</b>	<b>292,100</b>	<b>289,325</b>	<b>2,775</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>16,795</b>	<b>16,795</b>	<b>40,424</b>	<b>23,629</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out):				
General Fund	-	-	-	-
Debt Service Fund	-	-	-	-
	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>16,795</b>	<b>16,795</b>	<b>40,424</b>	<b>23,629</b>
<b>Fund Balance at Beginning of Year</b>	<b>69,953</b>	<b>69,953</b>	<b>69,953</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 86,748</b>	<b>\$ 86,748</b>	<b>\$ 110,377</b>	<b>\$ 23,629</b>

## **OTHER SUPPLEMENTARY INFORMATION**

**Debt Service Fund**

**Capital Projects Fund**

**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611</u>	<u>\$ 611</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Fire Station Project	<u>265,000</u>	<u>265,000</u>	<u>252,397</u>	<u>12,603</u>
Total Expenditures	<u>265,000</u>	<u>265,000</u>	<u>252,397</u>	<u>12,603</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(265,000)</u>	<u>(265,000)</u>	<u>(251,786)</u>	<u>13,214</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>13,214</u>	<u>13,214</u>
Fund Balance at Beginning of Year	<u>194,532</u>	<u>194,532</u>	<u>194,532</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 194,532</u></u>	<u><u>\$ 194,532</u></u>	<u><u>\$ 207,746</u></u>	<u><u>\$ 13,214</u></u>

**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2005**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Sale of Property	\$ 885,000	\$ 885,000	\$ 1,422,679	\$ 537,679
Park Development Impact Fees	175,000	175,000	-	(175,000)
<b>Total Revenues</b>	<b>1,060,000</b>	<b>1,060,000</b>	<b>1,422,679</b>	<b>362,679</b>
<b>EXPENDITURES:</b>				
Capital Outlay:				
200 North Overpass Project	-	-	3,481	(3,481)
Clover Club Project	-	4,500	4,498	2
Angel Street Soccer Complex	1,060,000	1,060,000	1,000,774	59,226
<b>Total Expenditures</b>	<b>1,060,000</b>	<b>1,064,500</b>	<b>1,008,753</b>	<b>55,747</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>-</b>	<b>(4,500)</b>	<b>413,926</b>	<b>418,426</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out):				
Electric Fund	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>(4,500)</b>	<b>413,926</b>	<b>418,426</b>
<b>Fund Balance at Beginning of Year</b>	<b>161,064</b>	<b>161,064</b>	<b>161,064</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 161,064</b>	<b>\$ 156,564</b>	<b>\$ 574,990</b>	<b>\$ 418,426</b>



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## STATISTICAL SECTION

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# KAYSVILLE CITY CORPORATION

## Table 1 Governmental Revenues by Source

Last Ten Fiscal Years  
June 30, 2005

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental	Charges for Services	Fines and Forefeitures	Other Revenues	Total Revenue
2005	\$4,207,170	\$556,267	\$742,595	\$1,729,737	\$82,680	\$1,264,422	\$8,582,871
2004	\$4,101,174	\$479,696	\$1,343,595	\$1,325,521	\$67,306	\$1,627,613	\$8,944,905
2003	\$3,864,606	\$341,983	\$1,184,996	\$1,174,836	\$62,081	\$358,344	\$6,986,846
2002	\$3,898,826	\$357,699	\$1,090,566	\$941,372	\$50,887	\$1,004,208	\$7,343,558
2001	\$3,561,637	\$156,170	\$1,211,607	\$776,885	\$53,268	\$300,651	\$6,060,218
2000	\$3,392,771	\$153,192	\$1,451,277	\$812,808	\$47,589	\$316,566	\$6,174,203
1999	\$3,190,897	\$159,827	\$1,109,240	\$759,706	\$44,774	\$297,217	\$5,561,661
1998	\$2,920,098	\$137,575	\$1,002,857	\$691,696	\$59,033	\$331,105	\$5,142,364
1997	\$2,601,645	\$211,276	\$747,641	\$693,836	\$54,445	\$362,423	\$4,671,266
1996	\$2,346,862	\$256,390	\$734,177	\$647,674	\$44,635	\$378,437	\$4,408,175

### Notes:

(1) Revenue Sources are listed under major headings

Taxes includes: property tax, motor vehicle tax, sales tax, and utility license tax  
 Licenses & Permits includes: business license, building permits and other licenses  
 Intergovernmental includes: class "C" roads, state liquor allotment, state and federal grants  
 Charges for Services includes: administrative charges to enterprise funds, zoning, maps and publications, fire contracts, parks, cemetery and recreation fees  
 Fines includes: court fines and forefeitures  
 Other Revenues includes: interest earnings, rents, sales of assets and impact and improvement fees

(2) The miscellaneous category includes a sale of property in FY 2004

Source:

Kaysville City Finance Department



**KAYSVILLE CITY CORPORATION**  
**Table 2 Governmental Expenditures by Function**

Last Ten Fiscal Years  
June 30, 2005

Fiscal Year	General Government	Public Safety	Community Development	Public Works	Parks, Recreation & Public Properties	Library	Total
2005	\$1,108,863	\$2,011,936	\$418,435	\$2,762,873	\$1,268,367	\$289,325	\$7,859,799
2004	\$1,094,659	\$1,798,178	\$386,599	\$2,614,670	\$1,099,241	\$296,905	\$7,290,252
2003	\$1,023,636	\$1,773,384	\$328,545	\$1,568,185	\$979,817	\$289,712	\$5,963,279
2002	\$945,388	\$2,109,351	\$360,755	\$3,779,500	\$933,762	\$296,269	\$8,425,025
2001	\$812,148	\$1,590,331	\$347,977	\$3,068,976	\$963,686	\$278,404	\$7,061,522
2000	\$769,886	\$1,636,235	\$325,296	\$2,073,675	\$894,979	\$254,545	\$5,954,616
1999	\$781,284	\$1,359,899	\$283,655	\$2,512,593	\$785,016	\$224,016	\$5,946,463
1998	\$841,536	\$1,243,743	\$281,401	\$1,661,841	\$770,043	\$197,726	\$4,996,290
1997	\$733,410	\$1,305,873	\$275,942	\$1,776,211	\$761,844	\$223,002	\$5,076,282
1996	\$765,513	\$1,062,686	\$262,858	\$1,077,276	\$656,057	\$203,539	\$4,027,929

Notes:

(1) Responsibility Centers are listed under major headings

General Government includes: city council, city manager, administration, elections, legal services  
animal control and fleet maintenance

Public Safety includes: police and fire

Community Development includes: planning and zoning and code enforcement

Public Works includes: streets and class "C" roads

Parks, Recreation and Public Properties includes: building, parks, recreation, cemetery and community events

(2) Library is included as a special revenue fund in the financial statements

Source:

Kaysville City Finance Department

# **KAYSVILLE CITY CORPORATION** **Table 3 Governmental Tax Revenues by Source**

Last Ten Fiscal Years  
June 30, 2005

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Total Tax Revenue
2005	\$1,403,854	\$2,373,991	\$1,170,005	\$4,947,850
2004	\$1,389,145	\$2,210,436	\$501,593	\$4,101,174
2003	\$1,299,536	\$2,078,652	\$486,418	\$3,864,606
2002	\$1,265,380	\$2,170,716	\$462,731	\$3,898,827
2001	\$1,194,894	\$1,957,983	\$408,760	\$3,561,637
2000	\$1,139,613	\$1,921,399	\$331,759	\$3,392,771
1999	\$1,104,698	\$1,779,220	\$306,979	\$3,190,897
1998	\$1,029,468	\$1,580,169	\$310,461	\$2,920,098
1997	\$939,870	\$1,419,948	\$241,827	\$2,601,645
1996	\$889,418	\$1,253,147	\$204,297	\$2,346,862

- Notes:**
- (1) General Property tax includes: property taxes current and delinquent, and motor vehicle in-lieu tax. General property tax also includes the allocation to the library special revenue fund.
  - (2) Utility license tax includes a tax on gross revenues on all public utilities. FY 05 also includes the energy sales and use tax charged to Kaysville City Power. In prior years, it was not classified as taxes.

**Source:** Kaysville City Finance Department

**KAYSVILLE CITY CORPORATION**  
**Table 4 Property Tax Levies and Collections**

Last Ten Fiscal Years  
 June 30, 2005

Fiscal Year	Total Taxable Value	City Tax Rate	Total Taxes Assessed	Current Year Taxes Collected	Percentage of Tax Collections to Tax Levy	Fee in Lieu Collected	Delinquent Taxes Collected & Interest	Total Tax & Payment in Lieu Collected
2004	\$744,075,323	0.001600	\$1,191,121	\$1,129,601	94.84%	\$212,502	\$48,904	\$1,391,007
2003	\$704,941,354	0.001626	\$1,145,936	\$1,099,725	95.97%	\$238,803	\$49,621	\$1,388,149
2002	\$679,921,738	0.001612	\$1,096,203	\$1,045,353	95.36%	\$204,079	\$72,964	\$1,322,396
2001	\$635,492,342	0.001620	\$1,029,498	\$983,685	95.55%	\$207,236	\$54,285	\$1,245,206
2000	\$578,845,389	0.001666	\$964,356	\$911,021	94.47%	\$208,502	\$64,756	\$1,184,279
1999	\$551,024,604	0.001705	\$939,497	\$886,544	94.36%	\$193,901	\$22,334	\$1,102,779
1998	\$510,661,592	0.001762	\$899,786	\$857,541	95.30%	\$199,141	\$31,601	\$1,088,283
1997	\$455,673,400	0.001816	\$827,503	\$784,824	94.84%	\$187,861	\$39,319	\$1,012,004
1996	\$395,173,181	0.001897	\$749,644	\$724,165	96.60%	\$173,953	\$27,824	\$925,942
1995	\$342,444,821	0.002057	\$704,409	\$681,334	96.72%	\$146,953	\$21,463	\$849,750

Notes: (1) Information is based on a calendar year - 2004 is the most recent year

Source: Davis County Auditor's Office / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

## Table 5 Taxable and Estimated Market Value of Property

Last Ten Fiscal Years  
June 30, 2005

Fiscal Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2004	\$1,215,528,821	\$744,075,323	61.21%
2003	\$1,168,281,453	\$704,941,354	60.34%
2002	\$1,110,543,447	\$679,921,738	61.22%
2001	\$1,046,365,095	\$635,492,342	60.73%
2000	\$966,622,392	\$578,845,389	59.88%
1999	\$923,725,302	\$551,024,604	59.65%
1998	\$859,014,796	\$510,661,592	59.45%
1997	\$799,386,633	\$455,673,400	57.00%
1996	\$676,799,964	\$395,173,181	58.39%
1995	\$581,833,573	\$342,444,824	58.86%

Notes: (1) Information is based on a calendar year - 2004 is the most recent year  
(2) Does not include fee-in-lieu property

Source: Davis County Auditor's Office / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

## Table 6 Estimated Market Value of Taxable Property

Last Ten Fiscal Years

June 30, 2005

Fiscal Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2004	\$1,215,528,281	\$1,076,711,927	\$93,533,337	\$9,427,673	\$12,746,778	\$23,108,566
2003	\$1,168,281,453	\$1,011,313,026	\$106,051,937	\$15,208,035	\$14,358,266	\$21,350,189
2002	\$1,110,543,447	\$929,373,681	\$128,765,502	\$16,176,126	\$14,806,410	\$21,421,728
2001	\$1,046,365,095	\$875,836,940	\$117,652,165	\$15,175,916	\$16,557,880	\$21,142,194
2000	\$966,622,392	\$820,197,589	\$90,100,123	\$18,050,522	\$15,141,341	\$23,132,817
1999	\$923,725,302	\$787,128,548	\$78,714,510	\$21,021,270	\$13,108,600	\$23,752,374
1998	\$859,014,749	\$728,680,997	\$72,749,140	\$22,039,140	\$12,396,690	\$23,148,782
1997	\$799,386,633	\$683,619,561	\$67,308,050	\$19,830,495	\$12,829,112	\$15,799,415
1996	\$676,779,964	\$577,483,598	\$51,167,498	\$24,884,027	\$11,742,979	\$11,501,862
1995	\$581,883,573	\$524,755,322	\$21,610,730	\$14,155,270	\$9,873,173	\$11,489,078

Notes: (1) Information is based on a calendar year - 2004 is the most recent year

(2) Does not include fee-in-lieu property

Source: Davis County Auditor's Office / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

## Table 7 Principal Property Tax Payers

June 30, 2005

Taxpayer	Type of Business	2004 Taxable Valuation	Percent of Total Taxable Valuation
HCP Utah LLC	Medical Products Distribution	\$5,012,014	0.67%
JB Journey LLC - Blaine Jensen RV	Recreational Vehicle Sales	\$4,904,335	0.66%
Albertson's	Grocery	\$3,657,746	0.49%
Bowmans	Grocery	\$3,525,981	0.47%
Park Place I LC	Real Estate	\$3,300,120	0.44%
Keith and Julie Romney	Shopping Center	\$3,092,460	0.42%
Questar Gas	Natural Gas Distribution	\$3,056,365	0.41%
Qwest Communications	Communications	\$3,041,063	0.41%
Mercy Housing Utah II LP	Human Services Housing	\$2,970,000	0.40%
Kaysville Business Park Properties	Real Estate	\$2,899,960	0.39%

Notes: (1) Information is based on tax year - 2004 is the most recent year

Source: Davis County Auditor's Office / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

## Table 8 Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

June 30, 2005

Fiscal Year	Kaysville City	Davis School District	Davis County	Weber Basin Water District	Mosquito Abatement	Central Davis Sewer District	Total
2004	0.001600	0.007820	0.001695	0.000198	0.000930	0.000275	0.012518
2003	0.001626	0.007731	0.001700	0.000196	0.000940	0.000275	0.012468
2002	0.001612	0.007610	0.001650	0.000193	0.000061	0.000276	0.011402
2001	0.001620	0.007600	0.001664	0.000193	0.000061	0.000279	0.011417
2000	0.001666	0.007513	0.001710	0.000200	0.000062	0.000283	0.011434
1999	0.001705	0.007370	0.001789	0.000139	0.000064	0.000288	0.011355
1998	0.001762	0.007393	0.001833	0.000139	0.000120	0.000298	0.011545
1997	0.001816	0.007604	0.002648	0.000145	0.000123	0.000301	0.012637
1996	0.001897	0.007408	0.002848	0.000154	0.000066	0.000322	0.012695
1995	0.002057	0.008339	0.002414	0.000165	0.000068	0.000360	0.013403

Notes: (1) Information is based on a calendar year - 2004 is the most recent year

Source: Davis County Auditor's Office / Kaysville City Finance Department

# Table 9 Property Value of Construction in Kaysville

Last Ten Fiscal Years

June 30, 2005

Year	Commercial Construction		Residential Construction		Estimated Increase of Property Value
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	
2004	24	\$3,387,830	376	\$58,250,176	\$61,638,006
2003	32	\$4,953,789	300	\$35,679,397	\$40,633,186
2002	20	\$2,387,856	241	\$33,580,354	\$35,968,210
2001	29	\$4,857,480	176	\$22,088,492	\$26,945,972
2000	25	\$4,602,506	164	\$15,923,986	\$20,526,492
1999	34	\$6,993,594	207	\$20,123,138	\$27,116,732
1998	15	\$3,321,642	191	\$19,633,042	\$22,954,684
1997	27	\$3,240,798	253	\$23,507,051	\$26,747,849
1996	19	\$2,842,726	322	\$30,625,487	\$33,468,213
1995	29	\$8,103,039	269	\$25,224,835	\$33,327,874

Notes: (1) Number of Permits includes all permits including remodels and additions  
Based on Calendar Year 2004 - 290 Single Family Homes

Source: Davis County Department of Community and Economic Development  
2004 Construction Monitor



**KAYSVILLE CITY CORPORATION**  
**Table 10 Computation of Legal Debt Margin**  
June 30, 2005

Taxable Value	\$744,075,323
Estimated Market Value	\$1,215,528,821
Debt Limit - Four Percent of Market Value	\$48,621,153
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$1,167,620
Legal Debt Margin - Additional Debt Capacity	\$47,453,533

Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12 % of the the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum 12% may be use for water and/or sewer purposes.

Source: Davis County Auditor's Office / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

## Table 11 Computation of Direct and Overlapping General Obligation Debt

June 30, 2005

Entity	2004 Taxable Valuation	Kaysville City's Portion of Valuation	Kaysville City's Percentage	Entity's Outstanding G.O. Debt	Kaysville City Overlapping G.O. Debt
Direct:					
Kaysville City	\$744,075,323	\$744,075,323	100.00%	0	
Overlapping:					
Davis County	\$10,254,421,720	\$744,075,323	7.26%	\$3,380,000	\$245,258
Davis County School District	\$10,254,421,720	\$744,075,323	7.26%	\$210,890,000	\$15,302,476
State of Utah	\$123,433,932,853	\$744,075,323	0.60%	\$1,514,510,000	\$9,129,657
Weber Basin Water District	\$25,843,934,691	\$744,075,323	2.88%	\$36,603,445	\$1,053,853
Total - Direct and Overlapping General Obligation Debt					\$25,731,245

Source: Davis County Auditor's Office / Kaysville City Finance Department

**KAYSVILLE CITY CORPORATION**  
**Table 12 Miscellaneous Statistical Data - Insurance Summary**  
June 30, 2005

Coverage	Company	Term	Limits	Deductible
General Liability	Diamond State	10/01/2004 - 9/30/2005	\$1,000,000 / \$2,000,000	\$10,000
Employee Benefits	Diamond State	10/01/2004 - 9/30/2005	\$1,000,000 / \$2,000,000	\$1,000
Property	Ace American	10/01/2004 - 9/30/2005	Scheduled at Value	\$10,000
Contractor's Equipment	Ace American	10/01/2004 - 9/30/2005	Scheduled at Value	\$10,000
Computer Equipment	Ace American	10/01/2004 - 9/30/2005	Scheduled at Value	\$1,000
Equipment Breakdown	Hartford Stearn	10/01/2004 - 9/30/2005	Included in Property	\$10,000
Law Enforcement	Diamond State	10/01/2004 - 9/30/2005	Included in General Liability	\$10,000
Public Officials E&O	Diamond State	10/01/2004 - 9/30/2005	\$1,000,000	\$10,000
Employment Practices	Diamond State	10/01/2004 - 9/30/2005	Included in General Liability	\$15,000
Automobile Liability	Diamond State	10/01/2004 - 9/30/2005	\$1,000,000	\$5,000
Automobile - Physical Damage	Ace American	10/01/2004 - 9/30/2005	Schedule	\$1,000 - Comp & Coll.
Custom Excess Liability	States RRG	10/01/2004 - 9/30/2005	\$10,000,000	\$1,000,000 SIR
Public Employee Dishonesty	Fidelity and Deposit	10/01/2004 - 9/30/2005	\$250,000	\$1,000
Forgery and Alteration	Fidelity and Deposit	10/01/2004 - 9/30/2005	\$250,000	\$1,000
Theft and Disappearance	Fidelity and Deposit	10/01/2004 - 9/30/2005	\$250,000	\$250
Computer Fraud	Fidelity and Deposit	10/01/2004 - 9/30/2005	\$250,000	\$1,000
Treasurer Bond	Ohio Casualty	10/01/2004 - 9/30/2005	\$640,000	\$0
Deputy Treasurer Bond	Ohio Casualty	10/01/2004 - 9/30/2005	\$640,000	\$0

Note: Insurance has been renewed effective October 1, 2005

# KAYSVILLE CITY CORPORATION

## Table 13 Population Growth

June 30, 2005

Fiscal Year	Population	Increase	Percentage Increase
2005	23,193		3.25%
2004	22,463	725	2.50%
2003	21,915	535	2.50%
2002	21,380	521	2.50%
2001	20,859	508	2.50%
2000	20,351	564	2.85%
1999	19,787	669	3.50%
1998	19,118	239	1.27%
1997	18,879	535	2.92%
1996	18,344	598	3.37%
1995	17,746	665	3.89%
1994	17,081	943	5.84%
1993	16,138	810	5.28%
1992	15,328	840	4.36%
1991	14,688	727	5.21%
1990	13,961	1,047	8.11%
1989	12,914	343	2.73%
1988	12,571	352	2.88%
1987	12,219	361	3.04%
1986	11,858	355	3.09%
1985	11,503	73	0.64%
1984	11,430	315	2.83%
1983	11,115	353	3.28%
1982	10,762	320	3.06%
1981	10,442	111	1.07%
1980	10,331	4,139	66.84%
1970	6,192	2,584	71.62%
1960	3,608	1,710	90.09%
1950	1,898	1,898	

Notes: Census year population estimates are from the US Bureau of the Census provided by the Utah State Office of Planning and Budget

Non-Census year population estimates are provided by Kaysville City and Wasatch Front Regional Council

**KAYSVILLE CITY CORPORATION****Table 14 Miscellaneous Statistical Data**

June 30, 2005

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Date of Incorporation	March 15, 1868
Form of Government	Council - Manager
Area in Square Miles	9.89
Miles of Streets	103
Fire Protection	Number of stations 1
	Number of full time / part time firefighters 2
	Number of volunteer firefighters 30
Police Protection	Number of sworn officers 18
	Number of other employees 3
Parks and Recreation	Number of Parks 9
	Number of Acres Available 210
	Number of Acres Developed 114
Education	Number of high schools 1
	Number of junior high schools 2
	Number of elementaries 6
Public Utilities	Number of water customers 6,476
	Annual usage (gallons) 763,909,600
	Miles of water Lines 103
	Number of power customers 7,057
	Annual kwh usage 104,256,106
	Miles of power lines 93
	Number of street lights
City Employees at June 30, 2005	Elected 6
	Full-time 68
	Part-time/Temporary/Seasonal 40

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## SINGLE AUDIT SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
Kaysville City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kaysville City, Utah, as of and for the year ended June 30, 2005, which collectively comprise Kaysville City, Utah's basic financial statements and have issued our report thereon dated November 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Kaysville City, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kaysville City, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, Utah  
November 22, 2005

**INDEPENDENT AUDITOR'S REPORT**  
**STATE OF UTAH LEGAL COMPLIANCE**

The Honorable Mayor and City Council  
Kaysville City, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Kaysville City, Utah, for the year ended June 30, 2005 and have issued our report thereon dated November 22, 2005. As part of our audit, we have audited Kaysville City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major assistance programs from the State of Utah.

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor State grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Syracuse City's financial statements).

Local Law Enforcement Block Grant (Department of Public Safety)  
Homeland Securities Grant (Department of Public Safety)  
Emergency Medical Services Grant (Department of Public Safety)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation & Property  
Tax Limitations

Liquor Law Enforcement  
B & C Road Funds  
Other General Compliance Issues  
Uniform Building Code Standards  
Impact Fees

The management of Kaysville City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.



Independent Auditor's Report – State of Utah Legal Compliance  
Page 2

In our opinion, Kaysville City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Wood Richards & Associates

November 22, 2005

November 22, 2005

Honorable Mayor and City Council  
Kaysville City, Utah

We have recently completed our audit of the basic financial statements of Kaysville City Corporation for the year ended June 30, 2005. During our audit we noted the following items for your consideration:

1. State law required that the expenditures shall not be incurred in excess of the appropriation for any department. We noted that some departments had expenditures over their budget. We recommend you open the budget late in the year to provide for these variances.
2. State law requires that the general fund balance not exceed 18% of the total estimated revenue of the general fund. The current unreserved general fund balance is in excess of this limitation. We recommend you make necessary budget adjustments to comply with this provision.

We appreciate the cooperation we received during the course of our audit.

Sincerely,

Wood Richards & Associates

Wood, Richards & Associates, PC



# Kaysville City

Kaysville City Corporation  
23 East Center, Kaysville, Utah 84037  
(801) 546-1235 • FAX (801) 544-5646

## Management Response to Independent Auditor's Management Letter

During the fiscal year the City the following departments exceeded their appropriated / amended budget: Legal Services, Police Department, Class "C" Roads, Recreation and Community Events.

We are working closely with department heads to ensure that departmental budgets are not exceeded and carefully monitoring the budgets and the necessary amendments prior to the end of the fiscal year. We hope to correct these non-compliance issues to ensure that our future financial reports conform with State laws.

We are also evaluating the necessary budget adjustments to comply with the provisions that the our general unreserved fund balance does not exceed 18% of estimated revenues.

  
Dean G. Storey  
Finance Director



# Kaysville City

Kaysville City Corporation  
23 East Center, Kaysville, Utah 84037  
(801) 546-1235 • FAX (801) 544-5646

February 22, 2006

MacRay A. Curtis  
Director Local Government Division  
Office of the State Auditor  
Utah State Capitol Complex  
East Office Building, Suite E310  
P.O. Box 142310  
Salt Lake City, Utah 84114-2310

Dear Mr. Curtis:

In response to your letter dated February 13, 2006, please consider this letter as a corrective action plan for our financial report for the year ended June 30, 2005.

During the fiscal year we had some departments with expenditures over the appropriated budget. Our recreation department had a slight overage in the general fund due to some unanticipated expenditures late in the fiscal year to cover some program costs. Our legal services over-expended budgets due to costs related to development late in the fiscal year. Our police department had a slight overage due to the receipt of grant revenues and our failure to make a corresponding amendment to budgeted expenditures. An overage occurred in our C-Road budget due to timing issues related to construction projects.

We are working closely with our department heads to ensure that departmental budgets are not exceeded and carefully monitoring our budgets and necessary amendments prior to the end of the fiscal year. We diligently will strive to correct these non-compliance issues to ensure that our financial reports conform to State laws.

Please contact me if I can provide additional information.

Sincerely,

Dean G. Storey  
Finance Director

cc: Mayor Neka Roundy